Austria . . Sch 18	Indonesia . . Rp 2500	Portugal . . Esc 75
Bahrain . . Din 0.650	Italy . . L 1100	S. Arabia . . Rls 6.00
Belgium . . Fr 28	Japan . . Y 250	Singapore . . S$ 4.10
Canada . . C$1.00	Jordan . . Fils 500	Spain . . Pta 100
Cyprus . . Mils 600	Kuwait . . Fils 500	Sri Lanka . . Rup 30
Denmark . . Dkr 7.25	Lebanon . . LL 6.00	Sweden . . Skr 6.50
Egypt . . E£1.00	Luxembourg . . LFr 39	Switzerland . . Fr 2.00
Finland . . Fmk 5.50	Malaysia . . Rm 4.25	Taiwan . . NT $45
France . . FFr. 6.00	Mexico . . Pes 200	Tunisia . . Din 0.600
Germany . . DM 2.20	Morocco . . Dh 6.00	Turkey . . L 150
Greece . . Dr 60	Netherlands . . Fl 2.50	U.A.E. . . Dh 6.50
Hong Kong . . HK$ 12	Norway . . Nkr 6.00	U.S.A. . . $1.50
India . . Rup. 15	Philippines . . Pes 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,258 — Tuesday February 28 1984 — D 8523 B

South Africa's laager grows stronger, Page 14

NEWS SUMMARY

GENERAL

Gemayel seeking deal in Lebanon

Lebanese President Amin Gemayel appeared ready to abrogate the May 17 agreement with Israel on the withdrawal of foreign forces from his country.

He appears to want to be able to extract the best terms possible from Syria and his Moslem opponents who have demanded an end to the agreement before any new peace initiative is pursued.

The agreement, though it now has little effect, is still seen as a symbol of the alliance between the Gemayel regime, Israel and the U.S.

The U.S. battleship New Jersey fired 16 one-ton shells from its big guns. But villagers said they missed an anti-aircraft battery by at least 300 metres and killed a dozen goats. Page 16

End ban, says France

French proposals to lift the remaining restrictions banning West Germany from making conventional weapons come before the Western European Union council today. Page 16

Chernenko chosen

Mr Konstantin Chernenko, elected two weeks ago to succeed the late Mr Yuri Andropov as Soviet Communist Party general secretary, has now taken over the former leader's position as defence council chairman, thus becoming the titular Soviet commander-in-chief. Page 3

Gromyko's attack

Soviet Foreign Minister Andrei Gromyko called the Reagan Administration irresponsible and said it had wrecked Soviet-U.S. relations.

New Hampshire vote

New Hampshire Democrats vote today to indicate their preference for the party's presidential candidate this year. Black candidate the Rev Jesse Jackson apologised for using a derogatory term about Jews, and asked a packed synagogue for forgiveness. Page 4

'Shots at Greenham'

UK Labour MP Norman Atkinson claims U.S. personnel fired shots after challenging unarmed British women inside the Greenham Common missile base, and has put down a House of Commons question.

30 die in Nigeria

At least 30 people died in Yola, North-east Nigeria, after a clash between riot police and suspected Moslem fundamentalists.

Basque confusion

Basque uncertainties have been complicated by the result of the regional election. The extremist party Herri Batasuna won 11 seats, which they refuse to take up, and the ruling Basque Nationalists lost their narrow majority, winning half the remaining seats. Page 16

Sikh leaders held

Indian police arrested nine Sikh leaders for destroying copies of the constitution. Page 6

Brenner blocked

The Brenner Pass between Italy and Austria remained blocked for lorries, although private cars were let through by the protesting lorry drivers. Heavy snow blocked mountain passes in the Dolomites. In Rome heavy rains brought a flood alert. Page 3

Activist freed

Political activist Billy Nair, jailed for being a member of the African National Congress armed wing, was released after 20 years' detention in South Africa.

BUSINESS

Wall St up 14.86 on deficit hopes

HOPES of political moves to cut the U.S. budget deficit pushed Wall Street stocks sharply higher, with the Dow Jones industrial average up 14.86 at 1,179.96 by the close. The surge followed a meeting on the deficit between President Ronald Reagan and state governors. Report, Page 23. Full share prices, Pages 24–26.

LONDON: FT Industrial Ordinary index closed 3.3 up at 819.1. Some government securities showed small gains. Report, Page 27. FT share information service, Pages 28, 29

AMSTERDAM exchange followed the Wall Street weekend surge with a 3.6 point rise in the ANP-CBS general index to 162. Report, Page 23. Leading share prices, Page 26

TOKYO: Nikkei: Dow index rose 25.43 to 10,071, and the Stock Exchange index was up 1.53 at 779.6. Report, Page 23. Leading prices, other exchanges, Page 26

DOLLAR rose to DM 2.634 from DM 2.6305, to FFr 8.1075 (FFr 8.1025) and Y233.2 (Y233.05), but eased to SwFr 2.1745 (SwFr 2.177). Its Bank of England trade-weighted index rose from 127.5 to 127.8. In New York it closed at DM 2.6087; SwFr 2.165; FFr 8.0225 and Y233.25. Page 33

STERLING edged up 20 points to \$1.4735, and to DM 3.8825 (DM 3.8725), FFr 11.945 (FFr 11.92) and Y344 (Y343.25) and was unchanged at SwFr 3.205. Its trade weighting moved from 82.6 to 82.7. In New York it closed at \$1.4852. Page 33

GOLD fell \$2.125 in London to \$394.25. In Frankfurt it closed \$2 down at \$393.75, and in Zurich it fell \$2.25 to \$393.5. In New York the Comex March settlement was \$401.8 (\$396.5). Page 32

COPPER prices rose in London after a sharp fall in warehouse stocks. The three-month higher-grade quotation rose £9.50 to £1,006.25 (\$1,482.7) a tonne. Page 32

DENMARK'S North Sea fishing fleet returned to port in a strike against EEC regulations limiting the amount of fish for human consumption that trawlers can catch when taking fish for turning into meal or oil. Page 32

IRAN is threatening to curb West German imports because its trade deficit with West Germany almost quadrupled to DM 6.15bn (\$2.35bn).

HANSON TRUST, the UK industrial holding company with major U.S. interests, has appealed to the Takeover Panel for an extension in its contested £247m (\$363m) bid for London Brick, claiming a false market had been made. Page 16

BRITISH CALEDONIAN Airways reported a £3.2m (\$4.7m) profit in 1983, reversing a £655,000 loss the previous year. In the year to October 31, 1983, the airline carried 1.9m passengers and revenue increased by £14.5m to £382.1m.

SASOL, the South African oil-from-coal producer, earned profits for the half ended December 24 of R205.7m (\$171m) 5 per cent up on 1982. Page 19

AALBORG SHIPYARD, Denmark, has won Soviet orders for three refrigerator ships, worth about DKr 800m (\$82m).

WILH. WILHELMSEN, Norway's largest shipping group, increased profits by 11.6 per cent in 1983 at NKr 730m (\$95m), according to preliminary figures. Page 17

KOBE STEEL of Japan has agreed to accept payment for building a major steel plant in Iran with a complex counter-trade agreement involving oil. Page 6

LURGI, the West German engineering concern, is planning to streamline its organisation. Page 17

UK unions take tougher line over secrets centre

BY OUR POLITICAL AND LABOUR STAFF IN LONDON

THE BRITISH Trades Union Congress (TUC) yesterday took its most decisive step so far towards breaking off relations with the UK Government over the withdrawal of trade union rights at GCHQ, the secret communications and intelligence centre at Cheltenham in western England.

The TUC is supporting half-day strike action by trade unionists today in protest at the Government's decision. Workers at GCHQ – there are estimated to be about 7,000 – have been offered £1,000 by the Government to give up union membership. If they refuse – a deadline of this Thursday has been set – they face transfer or dismissal.

Yesterday, the TUC's "inner cabinet", its finance and general purposes committee, met in emergency session to consider the dispute. It endorsed lunchtime demonstrations and half-day strikes "throughout the country" planned by the Council of Civil Service Unions. Support is expected to be patchy.

The TUC committee called on the Government, "even at this late stage", to respond positively to the Civil Service unions' proposals to guarantee national security at GCHQ.

The committee stressed the gravity with which it viewed the Government's actions, "which are bound to call into question trade union relationships with the Government." It will recommend to a specially convened meeting tomorrow of the TUC General Council that the TUC should review its membership of tripartite bodies of government, industry and union representatives.

These include the National Economic Development Council, the Manpower Services Commission and the Advisory, Conciliation and Arbitration Service.

In the House of Commons yesterday, Sir Geoffrey Howe, the Foreign Secretary, defended the ban. He said that two thirds of the staff had accepted the Government's terms and the number was "growing steadily." He denied claims that the ban was a first step towards wider action against union membership in the Civil Service.

Mr Denis Healey, the Labour Party's shadow Foreign Secretary, claimed that Sir Geoffrey was just the "fall guy" for Mrs Margaret Thatcher, the Prime Minister. He described her as the "Mephistopheles behind this shabby Faust."

The Prime Minister was clearly discomfited as Mr Healey accused her of riding roughshod over the Cabinet, which he said had been reduced to a tame body of yes men. He maintained that an agreement with the unions could have been reached. It was the Prime Minister's handling of the affair which had forced reasonable trade union leaders, including Mr Len Murray, the TUC general secretary, into open revolt.

Mr Healey insisted that it was the Prime Minister's "pig-headed bigotry" which had prevented her and her closest ministerial colleagues, and Sir Robert Armstrong, the Secretary to the Cabinet, coming to an agreement with the unions.

Mr Murray himself said yesterday, when referring to the protest actions today, "This is what happens when reasonable men are kicked in the teeth. What do you expect to happen? That you lie on your back and have your tummy tickled?" He said the unions had a right to a hearing for their arguments – and to hear the reasons if they were rejected.

The TUC and the civil service unions were at pains yesterday to insist that the central core of today's action was to voice a protest to the Government, not to cause disruption.

Although many civil servants can be expected to heed their unions' call, the response of other workers is likely to be patchy at best. Many in the union movement yesterday were critical of the speed with which the action was called, allowing little time to prepare, and so laying the unions open to charges of lack of support.

One national official of one of the largest unions said: "The general

Continued on Page 16

Iraqi aircraft attack oil tankers at Iran's Kharg Island

BY ROGER MATTHEWS AND RICHARD JOHNS IN LONDON

Iraqi fighter aircraft yesterday attacked oil tankers berthed at Kharg Island, Iran's main oil export terminal in the Gulf. An Iraqi military spokesman in Baghdad described the raid as "destructive."

Initial independent reports from Washington indicated that one tanker had been hit.

The Iraqi military spokesman said this was the first day of a siege of the Kharg Island region. "We warn once again all oil tankers and ships not to approach Kharg Island and other Iranian ports," he added.

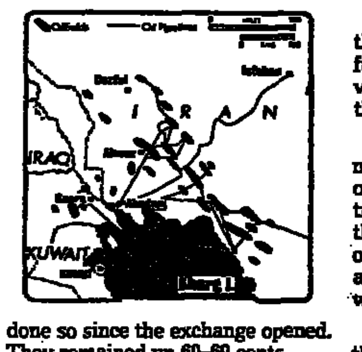
Kharg Island handles nine tenths of Iran's oil exports, which are running at 1.7m barrels a day. Iran has repeatedly threatened to shut the Strait of Hormuz to international shipping if its oil exports were seriously disrupted. President Ronald Reagan said again last week that the U.S. would keep the Strait open.

Iraq said the attack on Kharg Island fulfilled its earlier threat "to punish the Iranian regime for attacking our people and our territories."

"We warn that we will strike, at the appropriate time, all Iranian targets on land and water," the spokesman said.

In New York the spot oil market began to strengthen after the Iraqi claim, which came too late to affect trading in Europe.

On the New York Mercantile Exchange, crude oil futures rose to the daily limit of \$1 in early afternoon trading – the first time they have



done so since the exchange opened. They remained up 60–69 cents.

Heating oil and leaded gasoline were bid up by 2 cents a gallon, mainly by speculators.

Iraq's attack on Kharg Island is in response to the Iranian land offensive launched 12 days ago during which it has attacked at several points along the international border.

Both sides have reported sustained heavy fighting. Iraq claimed on Sunday to have killed 21,000 Iranians and Tehran has countered by claiming to have killed more than 12,000 Iraqi troops.

The main Iranian cross-border thrust has been aimed at severing the main road between Baghdad, the capital, and Basra, the port in the South-east which is Iraq's second largest city.

U.S. intelligence reports suggest that Iraq has been largely successful in containing the Iranian advance, but has suffered several thousand casualties in doing so.

Senior U.S. officials said last night they believed that the attack on Kharg Island may be aimed at trying to deter Iran from launching the next and larger stage of what officials in Tehran have described as the "decisive" battle in the Gulf war.

Iraqi and U.S. officials are aware that much larger Iranian forces are poised to cross the border and that the fighting of the past 12 days was only the first stage of the overall offensive.

Iraqi aircraft tried to attack Kharg Island several times in the early months of the war but met with little success. With the deterioration of Iranian air defences, however, Iraq is believed by Western military experts to have the capacity to launch more effective raids.

Iraq has in addition secured five Super Etendard fighter-bombers from France equipped with Exocet missiles which are highly effective against tankers.

Battlefield stalemate, Page 6

French workers quit Sudan after rebel raids

BY DAVID MARSH IN PARIS

RAIDS BY anti-government guerrillas in southern Sudan have forced Société des Grands Travaux de Marseille (GTM), one of France's largest construction companies, to pull out its personnel in Sudan and stop work on two major projects.

News of the evacuation, which follows the suspension of Sudanese oil drilling by Chevron, is likely to unsettle further the country's business partners and foreign creditors.

GTM, which is part of the French Vallourec pipe-making group, and the largest international company working in Sudan next to Chevron, has withdrawn 90 employees working on the Jonglei irrigation canal and Juba airport projects in the southern White Nile region.

Total, the French oil group, which has been carrying out preliminary drilling, has also recently pulled out a team of geologists from Sudan, although the company says they were already due to return to France.

Khartoum has pinned great hopes for a solution to its pressing economic problems on the drilling project, and its cessation will put pressure on the country's international debt of more than \$7bn.

Later this year, Sudan is due to approach the Paris Club of major creditor nations to defer a further round of government debt payments. This follows a similar rescheduling accord reached on exceptionally generous terms 12 months ago. Some experts believe that much of its government-to-government debt will eventually have to be written off.

GTM has evacuated its staff of French nationals and about 10 Pakistani workers to France after rebels attacked its Jonglei canal base camp near Malakal, 600km south of Khartoum, a fortnight ago.

The rebels, thought to be part of the Sudanese People's Liberation Army which has taken up arms against President Jaafar Nimeiri, killed an Australian pilot, wounded two Frenchmen and took six hostages. The prisoners, who are still being held, include an eight month-pregnant German woman and her 18-month-old son.

This attack followed the death of 12 people and wounding of 13 others when a GTM lorry hit a mine on February 6. Last November, seven French and two Pakistani employees were kidnapped, but were later released.

● The question of kidnapped French technicians is expected to come up during a two-day visit to France by M Taha Yassine Ramadan, the second in command in the Iraqi government hierarchy, who arrived in Paris last night.

M Ramadan, who will be discussing French support for Iraq in the Gulf war, will almost certainly be asked for news on the three Thomson electronics group employees held prisoner by Kurdish rebels after a raid on their site near Baghdad in December.

Gulf tries to turn the tide on Boone Pickens

By William Hall in New York

THE NOOSE is beginning to tighten around Gulf Corporation, the embattled U.S. oil major, which is searching with mounting desperation for ways to fend off the unwelcome overtures of its dissident shareholder group led by Mr T Boone Pickens.

The next three weeks will probably determine whether Gulf can survive over the long term as an independent oil major or whether the Texan and his men will take control.

Last week the Pickens group began its \$65 per share tender offer for a further 8.1 per cent stake in Gulf and whetted the speculators' appetite by reporting that it had turned down an offer by Gulf to repurchase its 21.7m shares at \$70 per share. This was part of an overall deal where Gulf would make a cash tender at \$72 per share offer for 20m or possibly 30m of its shares held by the public.

The revelation of the offer, which Gulf has refused to confirm, follows earlier reports that Mr Robert Anderson, chairman of Atlantic Richfield (Arco) had met Mr James Lee, Gulf's chairman, and Mr Pickens "to assess the Gulf situation."

According to the Pickens' camp, Arco's chairman met Gulf's Mr Lee early this month, and although no formal offer was made a figure of \$70 a share was talked about, on the basis that Arco was only interested in a friendly acquisition.

According to documents filed with the U.S. Securities and Exchange Commission (SEC) Mr Pickens met Mr Lee a few days later and asked him what he thought of the Arco proposal and when he thought Gulf management would get the Gulf share price to the \$70 level.

According to the SEC filing, Mr Lee said he did not know, but that he thought if things went well the shares would reach a price of \$60 to \$65 in a couple of years. Mr Pickens then asked Mr Lee what the company was waiting for, with \$70 likely to be available today as against a mere possibility of reaching \$60 to \$65 in a couple of years.

According to the Pickens side, Mr Lee stated that he planned to discuss the Arco matter with the Gulf board at its scheduled meeting on February 14.

Following this board meeting the Gulf board issued a brief statement declaring its "dedication to the continuation of Gulf as an independent major oil company" and Gulf said

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Paris gives Peugeot FFr 500m loans

BY PAUL BETTS IN PARIS

THE FRENCH Government has agreed to advance FFr 500m (\$61.7m) in low interest loans to Peugeot to help the private car group develop and produce a new fuel-efficient car.

The state credits will come from the special fund for the modernisation of industry called FIM, set up by the Government last year. This fund has a total of FFr 7bn available this year to support technological modernisation programmes by French enterprises.

A major share of these funds is going to the French car industry. Before the Peugeot credit, the fund agreed to advance FFr 750m to Renault, the state-owned car group, which is also working on a new fuel-efficient car.

A large portion of the Peugeot FIM credit, carrying a 9.75 per cent interest rate, is expected to go towards the car group's modernisation programme at its Talbot plant at Poissy, near Paris. Peugeot is planning to invest FFr 1.2bn over the next two years at Poissy to assemble a new medium-range car which has been code named "C-28" and is likely to replace the Talbot Horizon.

Coupled with the modernisation of the French car industry, the restructuring of the troubled French agricultural machinery industry has been a major concern of the French Government. However, after long negotiations, an important agreement is expected to be announced later this week between Renault and International Harvester of the U.S., involving a rationalisation of the two groups' industrial operations in the farm equipment business in France and at other European operations.

Renault is also seeking financial support, believed to total about FFr 1.5bn, from the French Government for the planned rationalisation of its farm equipment operations and those of the U.S. group. Apart from France, International Harvester has plants in Doncaster in the UK and Neuss in West Germany which are expected to be involved

CIT seeks European partners

By Our Paris Staff

CIT-ALCATEL, the French state-controlled electronics group, is discussing telecommunications collaboration with Telefonica, the Spanish state telephone concern, as part of its plan to co-operate with several European communications group.

The talks are believed to be advanced.

CIT-Alcatel, a subsidiary of the nationalised Compagnie Générale d'Electricité (CGE) electronics and engineering conglomerate, is also discussing partnerships with Stet and Italtel of Italy, GEC and Plessey, makers of Britain's System X telephone exchange, Philips of the Netherlands and Siemens of West Germany.

It also hopes to get a foothold in the deregulated U.S. telecommunications equipment market.

The talks in Italy, centring on technological collaboration and the

Continued on Page 16

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Polish works council presses management over labour rights

BY CHRISTOPHER BOBINSKI IN WARSAW

A WORKERS' council at a major Polish fibre plant has warned its management to co-operate or risk a motion of no confidence.

The council, at the Elana plant in Torun, 130 miles north-west of Warsaw, was elected in 1981 as part of the "self-management" initiatives encouraged by Solidarity, the independent trade union movement. It agreed to reconstitute itself after martial law was lifted last July, but since September, has been fruitlessly demanding that management reinstate two former Solidarity activists at the works, Mr Jacek Stankiewicz and Mr Krzysztof Dekowski. Both were interned *during martial law.*

The council is struggling to implement its legal right to have a say in management decisions, and, perhaps, more important for the 7,200 work-force, to defend them against the threat of arbitrary dismissal, one of the main weapons at the disposal of the authorities at present.

The Elana council, chaired by Mr Stanislaw Czuszel, has been engaged in a running fight with Mr Kazimierz Hartwich, the manager whom, ironically, they themselves appointed in 1981.

Last month the council also came under fire from the Elana Communist Party cell for getting involved in "politics" and not devoting enough attention to production issues.

This accusation came after the council had asked management for details of the cost to the works of financing sports and tourist clubs as well as "political and social organisations." The latter category includes the Elana Communist Party.

The authorities, who, despite the 1981 crackdown on Solidarity, say they remain committed to a self-management system which on paper puts the bulk of management decisions into the hands of elected workers' councils, have so far tolerated the situation at Elana.

*Out of some 6,500 plants em*powered to elect a workers' council, only about 6,000 have opted to organise one. In most plants they are being boycotted by the workers, or under management control.

Torun was in 1981 the centre of the so-called "horizontal" reform movement in sections of the Communist Party sympathetic to the Solidarity trade union movement.

Reuter adds from Warsaw: The Communist Party has called for tighter restrictions on the publication of western authors and of Polish writers regarded as disloyal to the political system.

A report by the Central Committee's cultural department attacked Polish publishers for their *"evil spell of fascination* with alleged outstanding values represented only by writings of the political opposition"

Warsaw puts up prices of some basic raw materials

BY OUR WARSAW CORRESPONDENT

THE POLISH authorities are to put up the prices of some basic raw materials such as coal and oil as well as transport charges paid by industry, originally due to come in on January 1.

The rises, which will come in on Thursday, were postponed last December so as not to accelerate the upward movement of durable consumer goods prices while the Government eased through 20 per cent food price rises on January 30.

Thursday's price rises, which will only directly affect industry and not consumers, are slightly higher than originally planned.

Thus coal, whose budgetary subsidy is set at Zl 171bn (£1.3bn) this year is to cost an average 20 per cent more, an increase of 5 per cent on the rise originally planned.

Oil, most of which is imported from the Soviet Union, is to go up by 20 per cent, natural gas by 25 per cent, electric power by 15 per cent and railway transport charges by an average of 35 per cent.

Resettlement pleas pose problems for Germans

By Leslie Collitt in Berlin

BOTH EAST and West Germany are afraid that more East Germans seeking passage to West Germany may try to enter West Germany's permanent mission in East Berlin and Bonn's embassies elsewhere in Eastern Europe.

West German officials appealed to the media to play down the case of the East German family which yesterday spent its third day in the West German embassy in Prague in a bid to reach the West. The family is related to East Germany's Prime Minister, Herr Willi Stoph, which made negotiations between Bonn, East Berlin and Prague especially delicate.

East Germany stepped up its surveillance yesterday of citizens approaching the West German mission and Western embassies in East Berlin. Last month, two groups of East Germans were allowed to West Berlin after refusing to leave the West German mission and the U.S. embassy.

At that time, the State Secretary in the Bonn Federal Chancellery, Dr Philipp Jenninger, warned East Germans not to try similar actions, as it would endanger the chances to reach the West of other East Germans who had applied to their authorities for legal "resettlement" in West Germany.

The leader of the West German Social Democrats, Herr Hans-Jochen Vogel, yesterday also urged East Germans not to engage in "spectacular actions" which he said endangered the chances to reach the West of those who did "not violate" East German laws.

Herr Franz-Josef Strauss, the conservative Bavarian leader, who frequently differs with Chancellor Helmut Kohl's policies, appealed to East Germany to allow the family in the Prague embassy out to West Germany.

More than 100 East Germans arrived at refugee distribution centres yesterday in West Germany and West Berlin, continuing an exodus that began a week ago. East Germany has recently been issuing unusually large numbers of exit permits, possibly in an effort to demonstrate that only legal channels have any chance of success.

David Housego in Paris on Mitterrand's Franco-German pact hopes

Paris, Bonn nurture security ideal

THERE WERE smiles in Paris when Chancellor Helmut Kohl of West Germany decided recently to retain Herr Manfred Wöerner as his Minister of Defence. Herr Wöerner is a Francophile, speaks French well and is now friendly with M Charles Hernu, the French Minister of Defence.

All these factors have helped nurture the tentative steps towards closer military and security collaboration that President Francois Mitterrand initiated in January last year with his speech to the Bundestag.

For the French President it is an article of faith that Europe *must club together more in its* own defence and that the Franco-German relationship is a major plank in any stronger edifice. As one of his ministers said privately this week M Mitterrand is haunted by the image of the vulnerability of Europe if ever it should be deprived of the U.S. nuclear umbrella.

M Mitterrand believes that there can be no substitute for *the Atlantic Alliance.* But he does think that the EEC must advance towards developing common foreign policies (a view also dear to the Germans) and taking a greater hand in its own security.

His own administration has taken strides in this direction down two roads. President Mitterrand has continued the almost Copernican revolution initiated by his predecessors of *shifting French defence* doctrine from a narrow Gaullist definition of security based on national territory to a wider one that embraces France's "vital interests" and a larger territorial perimeter.

In practice this is reflected in a new French readiness to take part in the "forward" battle on West Germany's Eastern borders in the event of a Warsaw Pact invasion. It is also reflected in a greater readiness to use the Pluton (and later Hades) tactical nuclear weapons beyond France's frontiers as an "ultimate" warning to the Russians that France is considering using its strategic nuclear weapons. This carries with it an implicit extension of the French nuclear deterrent.

The other road down which the President has been moving has been to revive, as spelled out in his Bundestag speech, the military co-operation envisaged under the 1963 Elysee Treaty. M Mitterrand returned *to this theme in his speech on* Europe's future at The Hague recently.

Franco-German military relations, which had been "a dead letter" for more than 20 years, he claimed, had "taken a new turn. We keep each other informed, we co-ordinate, we harmonise initiatives."

In three areas at least advances are being made. The most important—but one where discussions are still at a very early stage—is planning with the Germans and the other Nato allies how to insert France's new 47,000 strong Rapid Deployment Force into the "forward" battle if the President should decide to commit it.

Discussions are still at a preliminary stage because the French have still to settle many technical details about the equipment of the force and whether, for instance, to pre-position supplies on which it would draw.

The French, who remain outside Nato's integrated command, still insist on maintaining autonomy of decision on involving French troops in the "forward" battle. But the logistical planning needed to pave the way for their taking part implies an increasing "automacity" of commitment that the Germans have long been seeking.

From hte German point of view French involvement in the front line, and the possible use of French tactical nuclear weapons, adds an additional degree of uncertainty for the Russians, raising the risks for them of attacking.

The second area of advance has come in the discussions that the French and German Defence Ministers have already held about U.S. proposals for increased use by Nato of high technology conventional weapons that would help postpone a nuclear exchange. Both France and West Germany *have hesitations* about the U.S.'s "emerging technologies (ET) programme" *for Nato.*

Their reservations focus on the fear that an ET programme would be seen by Moscow and its allies as a further provocation at a time when more emphasis should be put on detente: that it will be prohibitively costly for Europe: that it will lack credibility with the Russians and is vulnerable to attack; and in France's case, in particular, that it could imply a U.S. nuclear disengagement from Europe.

Recognising nonetheless that there will be an increase in high technology weapons, both the French and German Defence Ministers have been anxious that Europe's industries should get their fair share of producing them. This concern overlaps with the third area of advance which is the increasing bilateral cooperation over arms production.

In the wake of the failure of the two governments to agree over developing a new tank, they have reached an accord on jointly developing a new anti-tank helicopter and look like reaching a similar pact with Britain, Italy and Spain for a fighter aircraft for the 1990s.

Woerner . . . Francophile

President Mitterrand has succeeded in maintaining a large measure of consensus in France over these changes in defence policy and the new German involvement in it. For M Jacques Chirac, *leader of* the neo-Gaullist RPR, an important element in involving Germany more *closely* in Western European defence is to impede the further growth of pacificism in Germany

M Chirac has also implied that he favours giving West Germany some participatory voice in the use of nuclear weapons. This is unthinkable to President Mitterrand who said at the Hague that the decision to use nuclear weapons "cannot be shared." It would also be unacceptable to the French Communists and seemingly embarrassing to the Germans.

Dublin to suggest wage freeze for this year

BY OUR DUBLIN CORRESPONDENT

IRISH ministers and employers are to make a special effort to get Irish pay increases down to general European level this year. As 1984 pay bargaining gets under way, the Government will present an economic analysis to unions and employers suggesting a wage freeze this year.

The Government has already said it does not intend giving public sector workers a rise this year, although the unions are expected to resist. Ministers argue that public sector pay will rise automatically by almost 9 per cent this year because of the carry over from the 1983 deal.

In the private sector, the Federated Union of Employers has said that pay rises in most competitor countries will average between 1 and 5 per cent this year.

Last year, hourly earnings in Ireland rose by 11 per cent, but a substantial fall in employment actually led to a 1 per cent reduction in unit wage costs. The employers claim that at least 18,000 jobs—equivalent to about 2 per cent of the labour force—would have been saved if last year's pay increases had been at European levels.

Employers and Government argue that a wage freeze this year could reduce inflation to 5 per cent from the present 9 per cent by the end of the year. A 5 per cent increase in 1985 could then be granted without further damaging Irish competitiveness.

The unions will strongly oppose any attempt to break the link between pay and inflation, which, although not formalised, they have managed to maintain in recent years.

Irish call for tougher terms on offshore rigs

By Brendan Keenan in Dublin

IRISH companies involved in supplying offshore exploration rigs have suggested that all companies involved in exploration should have to establish a base in Ireland before being granted licences or contracts. They also want the Irish Government to demand tighter drilling commitments to ensure continuity of activity.

The suggestions from the Irish Offshore Services Association (IOSA) come on the eve of plans for a third Irish licensing round. The Energy Minister, Mr Dick Spring, is expected to announce details of the round tomorrow.

The IOSA, part of the Confederation of Irish Industry, also believes some elements of the tax regime applying to exploration should be relaxed. They are concerned that the system introduced two years ago of applying Value Added Tax on imports at the point of entry has lost business for Irish ports and suppliers. The Association believes oil companies have been bringing equipment directly to the rigs so as to avoid the VAT.

The group also wants the Irish 10 per cent rate of Corporation Tax on manufacturing to apply to design and planning services for offshore platforms. At present, different rates apply depending on whether the platform is fixed or mobile.

Irish companies have been getting around one-third of the money spent by the exploration companies, including wages, but the Association believes this could rise to 45 per cent in the event of oil production.

The Association's suggestions come in the middle of a growing debate about Ireland's licensing terms for offshore production. This has intensified with the hopes of a commercial discovery off the Waterford coast.

One particular provision, which gives the Government the right to a 50 per cent stake in a discovery but defers payment against future production, is causing the industry some concern.

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Italy stands firm on lorry protest

BY JAMES BUXTON IN ROME AND JONATHAN CARR IN FRANKFURT

THE ITALIAN Government yesterday was standing firm against the protest of hundreds of lorry drivers from eight European countries, blockading the Brenner pass between Austria and Italy.

Sig Claudio Signorile, the Minister of Transport, said in Rome yesterday there was "no reason why an isolated group of road hauliers should block the pass. These are wildcat actions which no longer have any justification."

The situation at the Brenner, the main link between Italy and Austria, became if anything worse yesterday with the queues of lorries lengthening and fierce snowstorms battering the protestors. Private cars were also held up temporarily at the pass yesterday.

In a joint ultimatum the lorry drivers demanded a written statement by last night from Rome promising speedy border clearance in future. Originally the drivers from West Germany, Italy, the Netherlands, Belgium, Austria, Britain, Denmark and Greece had indicated they would clear the autobahn by midnight on Monday.

They want an immediate end to the factors which have caused chronic delays in customs clearance at the Brenner even in normal times.

The Italian Government believes that the provisions it took at the weekend should satisfy both the customs officials, whose work to rule last week sparked off the lorry drivers counter action, and the road haulage companies.

The Cabinet approved draft bills increasing the number of customs men in Italy, by 850 to 5,050 and giving them higher pay. It also approved a package of measures to satisfy long standing grievances by Italian road haulage companies.

But yesterday a committee of Italian road haulage owners backed by the protesting non-Italian road hauliers, sent a telex to Sig Bettino Craxi, the Prime Minister, asking for a meeting at which they could explain their complaints about Italian customs procedures.

Trade unions representing the customs men who called off their work to rule last week, when they were promised that most of their demands would be met, yesterday said that the Government measures were insufficient. The increase in the number of customs men was far too small.

Patrick Blum adds from Vienna: The Transport Ministers of Austria, Switzerland and West Germany will meet in Vienna on Sunday to seek solutions to the current traffic chaos in the Tyrol.

There was a feeling of urgency in Vienna last night as the dispute appeared to be hardening within Austria's borders. At least 1,200 trucks are blockading the roads with West Germany around Cufstein and at several border points along the Italian frontier.

Herr Karl Lausecker, the Austrian Transport Minister, is also seeking a meeting with his Italian counterpart, Sr Claudio Signorile, as soon as possible. Sr Signorile will not be at Sunday's meeting which will aim to co-ordinate the three countries' response to the present crisis and their attitude to Italy.

Herr Lausecker also appealed yesterday to the truck drivers to end their protest, but prospects for a settlement looked grim last night as the drivers put forward new demands as a condition for ending their action, and threatened to block all traffic, including rail, with Italy.

They want a no-strike by Customs officers guarantee from the Italian Government as well as a radical overhaul of procedure and formalities for trucks going into Italy. They are also demanding that Austria should end its ban on lorry traffic at the week-ends, and for greater weight tolerance — the weight limit in Austria is 35 tonnes, and they want a 5 per cent increase to 37-38 tonnes—and the abolition of the road tax levied by Austria on all lorry traffic. The Government last night said that it could not agree to changes in week-end traffic or abolish the tax.

W.Germany to protest at Swiss road charges

BY JONATHAN CARR IN FRANKFURT

WEST GERMANY has reacted angrily to Switzerland's decision to introduce charges for use of its autobahns, and warned that it might eventually feel forced to do the same.

The Bonn Transport Minister, Dr Werner Dollinger, yesterday described the Swiss referendum decision at the weekend as a "return to the age of the stage coach."

Similarly bitter reaction came from the German Automobile Club (AVD) and the lorry drivers' association — the latter already incensed by the costly delays on the Brenner motorway between Austria and Italy.

Dr Dollinger stressed in his statement that the Federal Republic could not remain "an island of free transit" for good, if its neighbours introduced road usage charges or maintained existing ones.

West Germany has one of Europe's most extensive motorway networks but, in contrast to some of its main trading partners including France and Italy, levies no fees for using it.

However, Dr Dollinger has long been under pressure from influential colleagues in his own party to bring in autobahn fees, and this pressure is likely to increase following the Swiss action.

Under the decision, all cars—Swiss and foreign—using Swiss autobahns from next January will have to pay an annual charge of 30 Swiss francs. Fees will also be levied on buses and lorries, graded according to weight.

Bonn Government officials believe that the decision may rebound on the Swiss, who are expecting several hundred million francs income annually from the new charges.

It is pointed out that the fees, together with the overall strength of the Swiss franc, may make Switzerland less attractive for tourists. In 1982, West Germans spent no less than DM 3.9bn in Switzerland, more than in any country apart from Austria and Italy.

Paul Cheeseright adds from Brussels: The European Commission m... shortly protest to the Swiss Government about its autoban charge decision.

French Socialists suffer by-election losses

BY DAVID HOUSEGO IN PARIS

THE CONTINUING slide in popularity of France's Socialist administration was demonstrated again at the weekend in two by-election results in the south of the country.

At Draguignan in the Var, M Edouard Soldani, Socialist Mayor for 16 years, lost control of the municipality to a member of the right wing neo-Gaullist RPR party in a re-run of last March's municipal election. The contest had attracted national publicity because M Soldani was wounded after the first round vote last Sunday by two unknown gunmen.

The crime, reflecting the undercurrent of violence in French politics today, was thought likely to have produced a sympathy vote in M Soldani's favour. Instead he polled fewer votes than he had done in March.

At the nearby shipyard town of La Seyne, M Maurice Blanc, the Communist mayor, also seemed in danger of defeat when counting was halted through alleged irregularities. Both by-elections had been called after judicial tribunals had anulled the March vote because of fraud. In both cases, the left appears to be paying the price of the unpopularity of its austerity measures, and of the incomprehension of its supporters at the U-turn in policies.

Neither result will provoke a shift in government policies. Indeed, M Jacques Delors, the Minister of Finance and the author of the government's economic strategy, came in for wide press acclaim over the weekend for his handling of the lorry drivers strike last week. He was standing in as Prime Minister in the absence of M Pierre Mauroy and was being mentioned as M Mauroy's possible successor.

But the waning of the left's electoral support is being seized on by Communists and the left of the Socialist party to revive their pressures on the Government for more expansionary measures.

The revival of pressure is timed to influence the 1985 budget decisions that will determine the government's economic strategy up to the legislative elections of 1986.

EEC makes foreign policy declarations

FOREIGN MINISTERS of the European Economic Community united yesterday in urging fresh efforts to end the conflicts in Lebanon and between Iran and Iraq.

Their day-long discussions were tarnished only by their failure to agree on whether to send a team of Community observers to the presidential elections in El Salvador towards the end of next month.

As a result, Britain, Belgium and the Netherlands will respond to the Salvadorean Government's invitation to each EEC country by sending national observers. West Germany is still making up its mind, while France, Ireland, Denmark and Greece remain opposed to entering the business of election-observing and are fearful of seeming to endorse the democratic credentials of the Salvadorean Government.

Meeting in political co-operation for the first time in nearly six months, the ministers were partly concerned to make good the failure of last December's abortive EEC summit in Athens to produce any foreign policy declarations

Yesterday, they produced three: on Lebanon; the Iran-Iraq war; and one welcoming the recent agreements between South Africa and Angola and South Africa and Mozambique, aimed at reducing military conflict in southern Africa.

For the first time, then Ten gave full public backing to the idea of replacing the now greatly depleted multinational force in Beirut with United Nations peace-keeping units.

They went on to call for a resumption of the Lebanese inter-communal discussions which began in Geneva last autumn. These should continue to aim for the withdrawal of all foreign forces, except those sanctioned by the Lebanese Government, and at achieving a political equilibrium capable of restoring peace

On the Iran-Iraq war, the ministers urged the UN Secretary General to resume his efforts to find a peaceful solution and promised to co-operate "with all the means at their disposal."

Chernenko becomes Soviet armed forces' commander in chief

BY ANTHONY ROBINSON

MR KONSTANTIN Chernenko, elected two weeks ago by the Soviet Politburo to succeed Mr Yuri Andropov as General Secretary of the communist party has also taken over the former leader's position as chairman of the Defence Council. He thus becomes the titular commander in chief of the Soviet armed forces.

The appointment was discovered by Western defence attaches who attended a Kremlin reception to mark Soviet Armed Forces Day on February 23, when Mr Chernenko was described by Marshall Nikolai Ogarkov, the Soviet Chief of Staff as holding both positions.

Mr Chernenko was also credited with boosting the armed might of the Soviet Union by Marshall Dmitri Ustinov, the Minister of Defence, at a meeting of party activists in the Soviet Defence Ministry last week, a move taken to confirm military support for Mr Chernenko.

At the time of Mr Andropov's successful election 15 months ago, the military are believed to have played a key role in thwarting Mr Chernenko's bid for power by preferring the former KGB chief.

As head of the KGB, Mr Andropov was in charge of the 350,000 or so heavily-armed Soviet frontier guards and the elite praetorian guards regiment which guards the Kremlin and Soviet leaders. He also co-operated closely with military security.

As such, he was a well-known quantity to the Soviet military. Mr Chernenko's military experience, according to his official biography, has been limited to a three-year spell from 1930 to 1933 in the army, as secretary of the party cell at a border post.

Despite this limited military service, Mr Chernenko was described by Prime Minister Nikolai Tikhonov in his nomination speech as a man with a wealth of experience including hard peasant labour and service as a soldier."

Now this most civilian of Soviet leaders to date has become commander in chief and titular head of the armed forces. The implication appears to be that the latter post now must be considered as a practically automatic honour which comes with selection as party leader.

Meanwhile, Mr Grigori Romanov, the 61-year-old former Leningrad party boss and one of the most important of the younger men in the 12-man party Politburo, has addetd his voice to the growing chorus of support for a continuation of the cautious economic reforms introduced by Mr Andropov.

Speaking at a Supreme Soviet election meeting in his constituency of Leningrad, Mr Romanov called for "a substantial improvement in all areas of the economy from basic research and development of new items through to their broad application" and said economic experiments begun this year should soon be put into general application.

Tension in Netherlands over cruise decision

BY WALTER ELLIS IN AMSTERDAM

THE CHRISTIAN Democrat majority in the centre-right governing coalition in the Netherlands has been accused of giving way to its Liberal partners over the deployment of U.S. cruise missiles.

Few Christian Democrat MPs really want the weapons, and a number have indicated they will vote against deployment. However, following a series of weekend meetings of party members, it has become clear that pressure is being applied by the leadership to help ensure a "yes" vote.

Mr Bert De Vries, Parliamentary leader of the Christian Democrats, said that his party was opposed to the siting of the full complement of 48 missiles, but refused to rule out the placing of a smaller number. Mr Joop Den Uyl, leader of the opposition Labour party, said that the Christian Democrats were being forced to abandon thetir principles as a means of preserving their coalition with the Liberals.

SPD in challenge to law on conscripts

BONN – West Germany's opposition Social Democratic Party (SPD) filed suit yesterday, alleging that a new law extending the time of "alternative service" for conscientious objectors is unconstitutional.

Frau Anke Fuchs, an SPD deputy, told a news conference that all but six members of the party's parliamentary faction signed the complaint, which was filed with the Supreme Court in Karlsruhe.

The complaint alleges that the law is unconstitutional because it requires conscientious objectors to spend more time in alternative service than men who comply with the draft must spend in the West German military.

The law requires men who can prove themselves to be conscientious objecters to spend 20 months in alternative service, such as social work. Compulsory military service is 15½ months, including time spent on exercises.

Before the law went into effect on January 1 the periods were equal.

The measure was passed last year by the Bonn parliament, where the centre-right coalition of Chancellor Helmut Kohl's Christian Democrats and their Free Democratic partners have a 58-seat majority. AP

Finns discuss pay dispute

HELSINKI – Finnish unions and employers met yesterday to discuss ways of reaching a new national incomes settlement and preventing nationwide strikes planned for next Tuesday and March 15-16.

The 1m-strong trade union confederation (Sak), run by Social Democrats along with a powerful Communist minority, is demanding a 9 per cent pay rise over two years plus cuts in working hours.

Employers have offered half that amount and said higher rises would push costs up sharply and damage competitiveness.

Union leaders have said that the strikes only concern pay and other working conditions. Warnings have been issued against any politically motivated action.

Any deal which is reached is likely to be followed in the rest of the 2.5m labour market. Reuter

Nicaragua election date stirs turbulent debate

By Tim Coone in Managua

INTENSE political debate and some turbulent infighting among the opposition parties to Nicaragua's ruling Sandinista party has followed the announcement that elections will be held in November.

One party allied to the Sandinistas has just declared its intention to break with them and run in the elections alone.

The Independent Liberal Party (PLI) has been part of a four-party alliance, the Patriotic Front (FPR), together with the Sandinistas in the legislative body the Council of State.

On Sunday the PLT said it was abandoning the alliance and would fight the elections on an independent ticket. Dr Virgilio Godoy, president of the party and also Minister of Labour in the Government, is expected to be the party's presidential candidate.

Deep divisions

The Sandinistas are now likely to run in the elections in alliance with the Popular Social Christian Party (PPSC) and the Socialist Party (PSN), its other two allies in the FPR. However, Sr Rafael Solis, a leading spokesman for the Sandinistas in the Council of State, said that as yet a final decision on an electoral alliance had not been taken.

Meanwhile deep divisions have surfaced in the opposition. The Conservatives are split over whether to participate in the elections or not, although a faction in favour of participating has regained political control of the party and its head offices in Managua after a bitter fight involving the intervention of the Supreme Court of Justice.

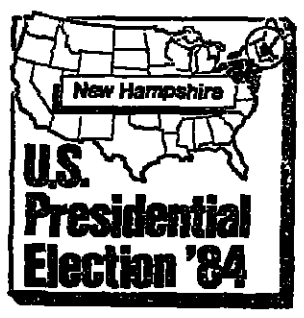
Dr Julio Centeno, the representative in the Council of State for the Constitutional Liberals (PLC) resigned last week over disagreements with his party.

He said: "If the opposition parties do not get a political programme together they will not achieve anything in the elections. And if they abstain they will be committing political suicide."

Democrats go to battle in the primary that has killed many a politician's Presidential hopes

Front runner Mondale faces a critical test

BY STEWART FLEMING IN MANCHESTER, NEW HAMPSHIRE



A WREATH hangs over the entrance to the reconstructed warehouse on Commercial Street in Manchester, New Hampshire, which houses the campaign headquarters of Ohio Senator John Glenn.

It is an omen which Mr Glenn, once considered to be the Democrat who might push President Reagan hardest in this year's presidential election, has probably not noticed.

But since his disastrous defeat in the Iowa Democratic Party caucuses last week when he trailed a distant fifth in the pack of eight contenders chasing the party's presidential nomination, Senator Glenn's presidential ambitions have been tottering on the brink of extinction.

It will be small comfort to him to know that at least in this respect he is not alone. New Hampshire, the graveyard of the presidential prospects of many illustrious politicians in the past, seems certain to claim several new victims when once again this rugged and beautiful New England state kicks off the primary election season today.

At least four of the eight contenders including former Florida Governor Reubin Askew and Senators Fritz Hollings of South Carolina and Alan Cranston of California, are expected to have neither the political momentum nor the financial and organisational muscle to stay in the fight after the ballots are counted tonight.

But like former Senator George McGovern of South Dakota, who came in a surprisingly strong third in Iowa and who launched his own successful bid for the Democratic nomination here in 1972, at least one of these outsiders may decide to stay in some of the later primaries even though they will have no realistic chance of winning the nomination, if only to try to influence the party's presidential platform.

Perhaps no more than 100,000 voters registered as Democrats or Independents will vote today out of a total of 260,000 registered voters. But when their votes are counted, most of the evidence suggests that at most three candidates could emerge with their presidential aspirations alive, although not necessarily in every case kicking.

The three are former Vice President Walter Mondale who is the front runner, Senator Gary Hart of Colorado, whose campaign has caught fire since his surprising second place in Iowa and who has committed his time heavily to New Hampshire in the past year, and Senator Glenn, if he has indeed been able to halt the slide in his fortunes as his advisers claim.

But those who have followed closely the primary campaign season every four years during which presidential hopefuls do battle for their share of the delegates to their party's summer nominating conventions, know that the first of those tests of strength, the New Hampshire primary, has a richly deserved reputation for making asses of both the pollsters and the pundits.

New Hampshire is shaping up to be the critical test of Mr Mondale's candidacy, partly for this reason, but also because of the evidence of a surge of support for Mr Hart and signs that Mr Mondale's own popularity amongst prospective voters has been weakening. An overwhelming victory today would almost certainly put Mr Mondale out of reach of his rivals. But anything short of a convincing win—and the polls put his support at between 30 per cent and 40 per cent of the vote—could result in his campaign beginnings to unravel, such are the precedents which shape New Hampshire's role in the primary season.

In 1968 the incumbent President Lyndon Johnson was one of several front runners who won a pyrrhic victory in New Hampshire. Although he won the primary, his re-election prospects were savaged by the narrowness of his victory over Senator Eugene McCarthy, contributing mightily to his decision not to stand for re-election.

In 1972 Senator George McGovern effectively knocked the favourite Governor Edmund Muskie out of contention by finishing a strong second to him. And it was in the Republican Party's New Hampshire primary in 1980 that Mr George Bush's blossoming campaign was crippled setting Mr Ronald Reagan firmly on the road to the presidency.

With each of these upsets the legend and the mystique surrounding the New Hampshire primary has grown and with it the significance of an esoteric election process in a state with a population of only 951,000.

Not since the primary took its present shape in 1952 has a candidate of either major party who lost in New Hampshire gone on to win the presidency. To lose in New Hampshire, even when that "loss" amounts to not securing the margin of victory expected of you, has become a crippling handicap.

For the Democrats in particular there is a cruel irony in all this. Not only will the fate of several contenders be decided in a state which will send only 22 of the 3,300 delegates to the July convention in San Francisco, even the winner will have been pouring his scarce resources into a state which he stands virtually no chance of carrying in the Presidential elections in November.

New Hampshire is a Republican party stronghold, and even its Democrats are perceived to have a conservative bent, a characteristic on which Mr Glenn is pinning his hopes and which perhaps helps to explain why Mr Hart has avoided defining too closely how he sees the issues.

From the state's motto "live free or die," to the fact that along with Alaska it is the only state to have no income or sales taxes and to the parsimonious financing of its public services such as education, the depth of the population's commitment to the Rpublican virtues of self-help individualism permeates the political climate.

The fact that unemployment here is the lowest in the nation, and that this prosperity is buttressed by the rapid growth of high technology industries in the industrial south of New Hampshire all contribute to predictions that as in 1980 the state will vote solidly for President Reagan this year.

The Democratic primary is thus a rather quixotic test of the strength of the party's presidential hopefuls, for the electorate is not in any way representative of the more typical urbanised and unionised Democrat in the Midwest or of the racial minorities who have traditionally voted Democrat.

Less than 1 per cent of the state's population is black, a factor which helps to account for predictions that the wind has gone out of the Rev Jesse Jackson's election campaign in the past week, together with the drubbing he has taken for allegedly anti-Semitic remarks made in the past.

Mr Mondale in contrast is perceived to have made no damaging mistakes. He has thrown himself into the intimate flesh pressing milieu which is the New Hampshire primary with all the gusto perhaps only the hardened political professional can muster.

Senator Gary Hart of Colorado (above)—hoping to swing the vote his way. Senator John Glenn of Ohio—fighting to make up for his disastrous Iowa defeat

The ruthlessly efficient organisation he has created, a machine which some say will be his greatest asset if he comes head to head with President Reagan, has been hard at work in the state for 15 months.

Also, Mr Mondale has lifted the morale of Democrat's across the country in the past two weeks with his attacks on President Reagan's leadership. In his prime time televised press conference last week, Mr Reagan was forced to defend his leadership, his dedication to the job and his knowledge of the issues after Mr Mondale used the disarray in the Administration over what to do in the Lebanon to accuse the President of "policy by default, management by alibi, and leadership by amnesia."

Mr Mondale's attack's politically wounded the man who for so long has seemed to possess that invaluable political asset of being able to fade out of range just when his enemies felt sure they finally had him lined up in their sights.

With good reason therefore Mr Mondale has been confidently predicting victory in New Hapshire. But that confidence would be much more compelling were it not for the fact that Senator Hart, who spent Saturday throwing axes at a lumberjack's competition, has been making a late run into the reckoning, doubling his support in the polls in the past week to over 20 per cent.

Argentina says 'long night' of repression is over

SR DANTE CAPUTO, Argentina's Foreign Minister yesterday pledged that his country would defend human rights around the world and said Argentina's own "long night" of violence, repression and torture was at an end, writes *Reuter from Geneva*.

Sr Caputo drew prolonged applause from the 43-nation U.N. Commission on Human Rights after a speech in which he outlined measures planned by the new civilian government of President Raul Alfonsin to protect human rights.

"Our country has emerged from a long night in which human rights essential for the dignity of the human being were brutally ignored, restricted or violated," he said.

In eight years of military rule, during which time up to 30,000 people disappeared, Argentina was locked into a spiral of terrorism, torture and "terrible repressive action . . . carried out by state and para-state repressive groups which destroyed institutions in our country," Sr Caputo said.

Argentina was enacting new legislation to punish past human rights violators and to ensure the defence of human rights in the future.

Not only was Argentina concerned about its domestic situation, but now "calls on all other nations to act in common to guarantee human rights, not only in their territories but wherever they may be restricted," Sr Caputo said.

Economic package poses a delicate balancing act for Venezuela

BY KIM FUAD IN CARACAS

THE package of economic measures announced by Venezuelan President Jaime Lusinchi last Friday is aimed at putting domestic and international finances in order while reactivating growth. It poses a delicate balance between economic and political considerations.

The new administration's vow to impose austere measures to pay the nation's overall $34bn foreign debt has obviously been tempered by concern over excessive strain on Venezuela's social fabric.

President Lusinchi and his Cabinet spent over three weeks of intense horse trading with political, business and labour sectors to put together the complex package.

The horse trading is clearly reflected in the cautious attitude towards exchange rates, the conditions granting of preferential terms for private-sector foreign debt and compensations for the nation's 5m-plus workforce.

The impact of the devaluation of the bolivar to 7.50 to the dollar has been softened by conserving the former 4.30 rate for essential imports up to the end of 1985. Otherwise,

The labour sector, controlled by Dr Lucinchi's "Accion Democratica" party, has reluctantly agreed not to seek blanket wage hikes in return for price controls on basic consumption items, food subsidies for low income groups and other non-salary benefits.

To cover an estimated bolivar 15bn budget deficit, the Government will more than double domestic fuel prices and allow the state oil and iron industries to sell their estimated $15bn joint export income this year at 6 bolivars to the dollar.

Additionally, the increased income will go to the oil industry itself to cover investment shortfalls and into agriculture and construction sectors to reactivate growth and employment.

Initial reatcion to the package has been predictably favourable on the part of business, but opposition parties have insisted that it will spark high inflation and the bulk of the sacrifices will be made by the working class.

GM to recall 7,200 laid off workers as sales boom continues

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the leading U.S. motor group, is planning to recall a further 7,200 laid-off workers over the next few weeks as sales continue to boom and the main companies increase their production schedules.

The GM move will mean bringing back workers from its pool of employees on indefinite lay-off—a category reserved for workers with some seniority in the company short-listed for re-employment if the company needs them.

Since the beginning of last year, when redundancies and lay-offs in the U.S. motor industry reached their peak, GM has brought back around 90,000 of the 172,000 employees it then had on indefinite lay-off. In the same period, Ford has re-employed around 10,000 out of 42,000 in the same category.

Following an unexpectedly strong 73 per cent leap in sales in the 10-day period to February 23, the auto industry has recently been lifting its estimate of sales for the first quarter. Earlier in the year the manufacturers had been looking for an annualised rate of sales of around 8m units, but this has now been revised up to between 8.2m and 8.4m.

To keep pace with demand, many car plants in the country are now working overtime, and several have put on Saturday shifts.

McDonnell Douglas wins key fighter-bomber order

BY OUR NEW YORK CORRESPONDENT

THE F-15 fighter plane made by the St Louis based McDonnell Douglas has been chosen in preference to General Dynamics' F-16 for a $1.6bn U.S. Air Force programme for a dual purpose fighter-bomber.

Under the contract, which still has to be press ratified by Congress, 392 F-155 which are now on order by the Air Force are to be adapted to give longer-range and better poor weather performance. Each plane will receive around $4m of additional equipment to add to the present $15m cost price.

The order for the McDonnell Douglas, reckoned to be its most profitable product, comes only a few months after the company intimated that it was moving further away from the civil airline field by ending work on future projects. At the same time, however, there are indications that the group will shortly clinch a big order for its new MD80 airliner, which has been adapted from the DC9 range, from one of the U.S.'s major airlines.

McDonnell Douglas offers $397m for Tymshare, Page 23

Central America peace bid

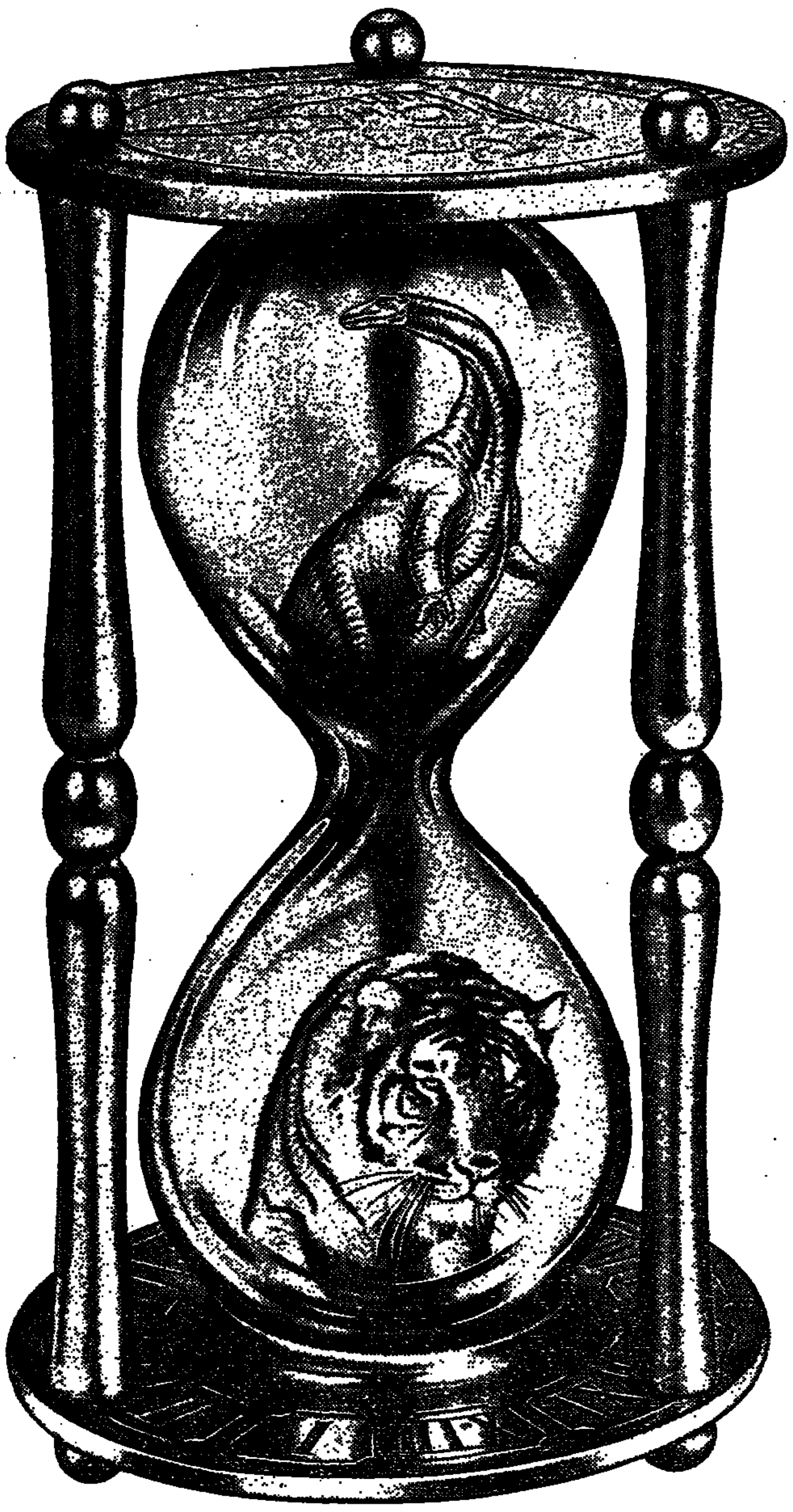
BY HUGH O'SHAUGHNESSY

NEW efforts are being made this week to find peaceful solutions to the hostilities in Central America and the removal of foreign troops and military advisers from the isthmus of Panama.

The Contadora Group of Mexico, Colombia, Panama and Venezuela, were due to meet yesterday in Panama City with the five Central American governments to discuss moves to halt the fighting in El Salvador and along the northern and southern borders of Nicaragua.

The moves stem from the agreements reached by the Group in January that Cuban and U.S. soldiers should be evacuated from the region.

A CAT'S EYE VIEW OF EVOLUTION



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We are investing £410 million as Esso's share in a dual site petrochemical complex in Scotland, currently one of the biggest construction projects in Europe, to produce the more valuable up-graded oil and gas related products industry needs.

We provide 20% of all the petroleum products Britain uses to keep the economy moving.

And what may have started in the age of the slow lumbering dinosaur all those millions of years ago has been turned into a mammoth boost for Britain by a lively, dynamic, forward-looking tiger.

Esso

OVERSEAS NEWS

Inflation clouds Indian prospects

BY JOHN ELLIOTT IN NEW DELHI

SHORT-TERM inflationary pressures with consumer prices rising by 12.5 per cent, plus the prospect of longer term balance of payments problems are casting a cloud over the performance of India's economy at the end of the country's 1983-84 financial year.

The economy has been boosted during the past year by a good monsoon and record agricultural production but industrial growth has been slow to pick up. The result is a real growth in gross national product at 8 per cent to 7 per cent for the year compared with 1.8 per cent in 1982-83 when the country was hit by a severe drought.

These are the main findings of the Indian Government's annual economic survey published yesterday. They provide the backcloth against which Mr Pranab Mukherjee, the Finance Minister, will present his annual budget tomorrow. It is expected to be tough, aiming at restraining inflation while invigorating sluggish exports and industrial production.

Consumer prices were rising at an annual rate of 12.5 per cent in December compared with 9.8 per cent only nine months earlier. Inflation, measured by the Government's wholesale price index, was rising at an annual rate of 10.7 per cent in the middle of last month.

The Government would like to bring this figure down to about 6 per cent. The failure to stop the rate going into double figures is a personal blow for Mr Mukherjee, who is now claiming there are signs of slackening of the inflation rate. The survey says that the high consumer price figure was partly caused by large increases for commodities such as tea, milk and edible oils which carry a heavy weighting in the consumer price index.

In response to inflation which grew faster during the year than Ministers had expected, Monetary policy was geared to mopping up excess liquidity in the banking system and cutting back on Government expenditure. A special 5 per cent reduction in spending was introduced during the final months of the current year. The survey acknowledges that "utmost vigilance" will be needed to restrain prices in the coming year.

The country's balance of payments improved during the year, mainly because of a big reduction in crude oil imports and a marked increase in funds repatriated by Indians living abroad. The trade gap for 1983-1984 is not expected to be more than $5bn (£3.8bn) compared with $5.8bn in 1981-82 and $5.5bn in 1982-83.

Because of the improvement Prime Minister Indira Gandhi was able to make considerable political mileage last month out of a decision to waive India's right to the final $1.1bn. due this year from an International Monetary Fund $5bn extended fund facility. Refusing this money is believed in New Delhi to have put the country in good stead with the IMF should it need help in the future. It also makes it easier domestically for the government to restrain imports.

The decision will also help to reduce the aid repayments burden which India faces in the second half of the current decade.

The survey warns that despite the country's favourable balance of payments "the economy may have to face a not very comfortable external financing problem in the seventh economic plan (1986-90) period and the adjustment policies initiated at the beginning of the current sixth plan would need to be continued."

India relies heavily on foreign aid, with a net inflow (after debt repayment) of $1.5bn in 1983-84, 19 per cent more than 1982-83.

Preparations for its seventh five-year plan are dominated by a debate over how to balance the need for development expenditure with reductions in cheap loans and credits.

Because of various economic pressures, the seventh plan is expected to concentrate on what the survey calls "quick maturing high productive investments," making better use of existing infrastructure and industrial investments where ever possible instead of planning extravagant prestige projects.

Sikhs held for burning copies of constitution

NINE SIKH leaders who defied the law by publicly tearing and burning copies of the Indian constitution in New Delhi and the Punjab city of Chandigarh were arrested yesterday during demonstrations which passed off far more peacefully than the Government had feared, Our New Delhi correspondent reports.

In New Delhi hundreds of police and border security forces surrounded the Sikh's main gurdwara or temple where open air negotiations between senior officers and Sikh leaders prevented more than relatively minor outbursts of violence.

The Sikhs agreed to stage their protest in a yard at the back of the temple rather than in a more public place after which the demonstrators were arrested.

The Sikhs object to Section 25 of the constitution which fails to differentiate between them and Hindus. Burning the constitution is regarded in India as a serious offence and those involved are being detained until March 1.

A strike called in the capital by an opposition party, the Bharatiya Janata, in protest at the recent troubles in Punjab and Haryana states eased the police's task because it cleared the city of most of its traffic.

Colombo plans budget cuts

BY MERVYN DE SILVA IN COLOMBO

TO AVOID a confrontation with the International Monetary Fund, President Junius Jayewardene has told his ministers to suggest drastic spending cuts within 14 days. The target is cuts totalling Rs 2.5bn (£72m).

Mr Ronnie de Mel, the Finance Minister, hopes the cuts along with a Rs 1bn increase in VAT on tea will eliminate the 1984 budget deficit.

If the ministers fail to meet the deadline and the target, the Treasury will undertake the pruning exercise.

All state trading and commercial enterprises have been told that the Treasury will no longer cover operational losses. These corporations, except those providing public services such as the transport, will have to give the Treasury 50 per cent of their after-tax profits.

No new projects will be undertaken in 1984.

This strict financial discipline and a reduced inflation (currently over 20 per cent) are two elements in the Government's compromise offer to the IMF.

The IMF has called for devaluation, reduced indexation of wages, withdrawal of a fertiliser subsidy, higher electricity charges, and new water rates as the basis for financial assistance.

Australian output buoyant

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIAN factory production continued to climb in January, reinforcing the view that economic recovery has continued into the New Year.

Yet there were larger than expected rises in wages and money supply, which will temper the euphoria of the Government which has ruled for almost one year.

Seasonally adjusted, the biggest production increases were seen in electric motors, television sets, lawnmowers and motor vehicles. However, there were falls in a wide range of building products.

Steel production at Broken Hill Proprietary, Australia's largest company, in the eight months to January, was 3.99m tonnes, up 9.3 per cent from a year earlier.

The M3 money supply measure grew at a rate of 13.9 per cent in the 12 months to January — well in excess of Government targets — while average male full-time earnings rose by 3.3 per cent in the December quarter, to A$374.10 (£233) per week, meaning that average wage earners now pay income tax at a marginal rate of 46 per cent. Wages growth in 1983-84 is expected to be about 8 per cent.

Hong Kong pact may be ready by spring

By Robert Cottrell in Hong Kong

SPECULATION is mounting in Hong Kong that Britain and China may be ready in spring or early summer to announce a preliminary agreement about the future of the Colony.

The signs of rapid progress include the current three-day visit to the Territory of Mr Richard Luce, British Foreign Office Minister responsible for Hong Kong, and an expected —but unconfirmed—visit to the territory in spring by Sir Geoffrey Howe, Britain's Foreign Secretary.

Hong Kong's Legislative Council, which normally debates new laws, is meanwhile staking a hurried claim to debate any proposals for Hong Kong's future prior to a final agreement being reached. The "unofficial" members of the council who are appointees from the private sector, said on Friday that they will propose on March 14 that the council deem such a prior debate to be "essential" council business.

Financial analysts say the debate call contributed to weakness yesterday on the Hong Kong stock markets. The Hang Seng index fell 25.91 points to close at 1,022.85. Investors' concern is that the debate may irritate China, which regards the negotiating of Hong Kong's future as strictly bipartisan issue with Britain.

Mr Luce yesterday met privately with the Executive Council, which is the Governor's 16-member inner "cabinet" of advisers. Direct consultations between the Executive Council and British Government ministers have taken place over the past 18 months in London and Hong Kong at critical times in the Sino-British negotiations. Such consultations appear to be Britain's preferred way of testing whether proposals for Hong Kong's future are acceptable to Hong Kong's people.

● Sir John Bremridge, Hong Kong's Financial Secretary, will deliver his 1984-85 budget tomorrow. Analysts expect Sir John to raise direct taxes and announce a bond issue to cover what may prove to be a third successive forecast budget deficit.

Iran and Iraq locked into stalemate on battlefield

BY OUR MIDDLE EAST STAFF

IRAN AND IRAQ continued to claim battlefield successes yesterday without either side being able to demonstrate a clear advantage in the latest round of fighting in the Gulf war.

Iran said it had shot down two Iraqi aircraft and killed another 500 troops. Iraq claimed to have brought down four Iranian helicopters and one fighter aircraft.

The main fighting still appeared to be centred on the area north and east of the southern Iraqi port of Basra, where Iran launched its latest offensive last Thursday. Iran claims to have captured a number of Iraqi villages, but these claims are strongly denied in Baghdad.

According to Tehran radio, Iran repulsed four Iraqi counter-attacks overnight and destroyed 40 Iraqi tanks. It said that "Islamic forces" still maintained control of an important section of the main road between Basra and Baghdad.

Hojatoleslam Ali Akbar Hashemi Rafsanjani, the Speaker of the Iranian Parliament, yesterday ruled out the possibility of mediation efforts being able to solve the dispute with Iraq. He said that Iran was willing to listen to peace proposals "but these efforts could not resolve the problems."

Rafsanjani added that Iran would not tolerate a "puppet regime" of the superpowers coming to power in place of President Saddam Hussein in Baghdad. Iran has demanded, as one of its conditions for ending the war, that the entire regime in Iraq should be replaced.

Tehran radio said yesterday that the present fighting may prove decisive for the entire Middle East and hinted that another Iranian offensive would be launched shortly.

Kuwait offered economic advice

BY KATHLEEN EVANS IN DUBAI

THE KUWAIT Chamber of Commerce yesterday submitted a detailed memorandum to the country's Government on how to improve management of the economy. Underlining feelings within the business community that Government policy is to blame for the recent economic slowdown, the Chamber outlines a number of ideas, some new to the Gulf region.

These include establishment of an export credits guarantee scheme for Kuwait along the lines of the U.S. Export Import Bank.

The Chamber suggests that the scheme should be administered by the Industrial Bank of Kuwait, the capital of which should be increased. In this way the bank could also play a greater role in the marketing of the country's industrial exports, says the report.

The Chamber proposes a free zone so that the re-export business can emerge from its present doldrums. Imports destined for re-export should also carry no customs duty, says the Chamber. The fall in the re-export trade, particularly with Iraq, has had more effect on the economy than last year's collapse of the unofficial stock market.

The merchants also want the Government to increase help to local industry. Under existing laws new industries can secure cheap loans, electricity, water and even land. The Chamber feels that such incentives should be guaranteed to total 30 per cent of the industries' annual running costs for the first five years of operation and possibly another five years after that if necessary. However, Gulf governments have already found themselves competing with each other on incentives to industry.

Kuwaiti businessmen also want to be assured of a greater role in the annual development budget and Government projects. At present, Government ministries usually go for the cheapest bid regardless of whether the bid comes from local or foreign sources. The merchants are asking that at least 40 per cent of each project should come from local sources.

On the financial side, the Chamber is urging that the Government make more use of local funds and institutions.

Surge in Singapore growth rate

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S buoyant economy surged to a 7.9 per cent real growth rate last year, far higher than was expected even two months ago and dwarfing the pessimistic 2 per cent to 4 per cent foreshadowed by Prime Minister Lee Kuan Yew at the beginning of 1983.

The official figure, published yesterday by the Ministry of Trade and Industry in its annual economic survey, confirms that Singapore had the second highest increase in gross domestic product in Asia last year after South Korea.

With every chance of a general election in the next 12 months, the news raises the prospect of tax reductions being announced for the island state's 2.5m people in this Friday's budget.

Only last December, Dr Tony Tan, Minister of Finance and of Trade and Industry, indicated that income tax may be reduced if the Government has enough revenue. Personal income tax rates were lowered in both 1980 and 1982.

Yesterday's economic survey says that Singapore's improved growth last year—up from 6.3 per cent in 1982—came chiefly from a turnround in manufacturing and faster expansion in the financial services sector.

The main impetus for manufacturing growth was the rebounding U.S. economy, which produced an important export market for Singapore's electronics and metal engineering industries—especially computers and computer-related equipment such as disk-drives.

WORLD TRADE NEWS

EEC and U.S. move to contain steel row

By Paul Cheeseright in Brussels

THE EEC and the U.S. resolved yesterday not to allow their dispute over specialty steels to spill over into a confrontation during talks held in Brussels between Mr William Brock, the U.S. Trade Representative, and Viscount Etienne Davignon and Herr Wilhelm Haferkamp, respectively the European Commissioners for industry and external relations.

The talks were held with the idea of lowering the temperature before a special council meeting of the General Agreement on Tariffs and Trade being held in Geneva today.

This meeting was requested by the U.S. to mark its objections to EEC retaliation against action taken last year by the Reagan Administration to raise tariffs and impose quotas on specialty steel imports.

The EEC responded by imposing higher tariffs and quotas on another range of products. But at the talks yesterday there was a move to diminish the practical effect of the higher tariffs and quotas which come into effect on March 1.

Although the U.S. still argues that the statistical base used by the EEC to calculate the flow of imports subject to the new duties is incorrect, the EEC has said that the basis of valuation to be used will be the Ecu-$ rate obtaining on February 1.

Because of the fall in the dollar, this eases the U.S. position as far as quantitative restrictions are concerned. The products in question are chemical products, sporting goods and security devices.

At the same time the EEC has said it will examine any unforeseen problems which might emerge through the imposition of the new duties.

Qatar ethane contract

CdF Chimie of France has won a $55m contract to build an ethane recovery unit at the Qatar Petrochemical Company (Qapco) plant at Omm Said, M Yves Michaux, Qapco general manager, said, Reuter reports from Doha.

He said the plant would increase the daily supply of ethane by 500 tonnes to 1,100 tonnes. Work is to start in May or June, and is to be completed by the end of 1985.

Iran to pay Japanese group in oil for disputed steel plant contract

BY TERRY POVEY IN TOKYO

KOBE STEEL, which last week announced that it had won a major steel plant contract in Iran, will receive payment through a complex counter-trade agreement.

The order, for a 3.2m tonne direct reduction plant to be built at Mobarrakeh near Isfahan in central Iran, has provoked accusations of a breach of licensing agreements from Korf Engineering of West Germany. Kobe values the contract at around $220m, including other services.

Korf Engineering accused Kobe of "licence cannibalism" after the deal with Iran was announced. The dispute, which will go to court in Zurich on March 15, centres on the Midrex direct reduction technology to be used in the project.

Both Korf Engineering and Midrex of the U.S. were part of Mr Willy Korf's steel and engineering group which collapsed last year. He had transferred Midrex licences to his engineering business but Midrex claims these were cancelled last year when the Australian steel group, Voest Alpine, bought Korf Engineering. Kobe bought Midrex last August and claims that it negotiated the deal after the Iranian authorities had disqualified Korf Engineering from further negotiations over the project.

Payments are to be made to Kobe from a special deposit account set up on the company's behalf by the Central Bank of Iran. Into the account will go payments for oil lifted by the Showa Oil company—which is half owned by Royal Dutch Shell and half by Japanese interests—until the total reaches the contract level. Kobe has already received a substantial downpayment on the order.

The first shipment of oil for which payment will be made into Kobe's account was lifted three days ago. Showa Oil has a contract to lift 25,000 barrels a day from Iran during 1984. "This nearly corresponds with the amount required under the Kobe contract," said Showa.

It is expected that it will take until the end of this year for the special account total to reach the contract level—which as the project is spread over three years acts as a guarantee for the steel company against payment delays.

The three-cornered deal provides justification for Showa to continue to import Iranian oil when many other Japanese oil companies are having second thoughts given the state of the market. Showa at present is processing some 100,000 b/d of Iranian crude.

● Malta's barter agreement with Iraq for the exchange of Iraqi oil shipments for $17m worth of Maltese semi-manufactures has run into trouble, Godfrey Grima reports from Malta.

Malta's Central Bank is no longer endorsing letters of credit opened by Iraqi buyers in favour of Maltese companies. At the same time Mr Carmelo Vella, the Industry Minister, is on his way to Baghdad to discuss whether the barter accord can be rescued.

Andrew Gowers finds that companies are faced with the choice: to countertrade or not to trade at all

Beleaguered Third World leads the barter boom

FORD trades its cars for thousands of Uruguayan sheepskins; Levi-Strauss sells a turnkey plant to Hungary, and gets jeans in return; Italy barters $1.5bn worth of frigates for Iraqi oil; Pierre Cardin gets oriental silks by providing consultancy services to China; and a Washington law company receives chicken and leather jackets as payment for its advice to another developing country.

However bizarre they may sound, deals like these are becoming increasingly routine for hard-pressed countries and companies desperate to keep their trade alive.

The recession in developing countries, the oil glut, and inefficiency in Eastern Europe are making money less important in international business. Countertrade, also known, not entirely accurately, as barter, is gaining popularity rapidly.

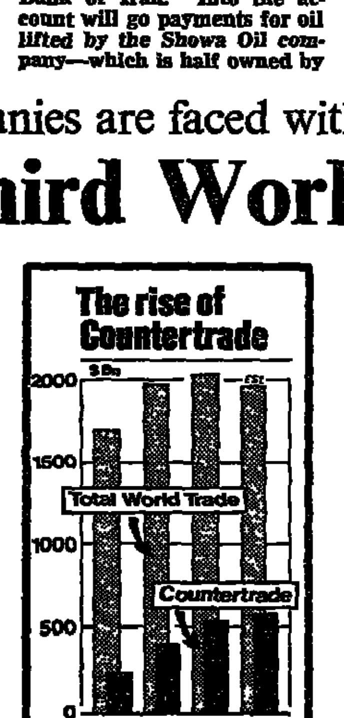
According to a new study, countertrade is estimated to have amounted to about 30 per cent of world trade worth $592bn in 1982, compared with 2 per cent, worth $18bn, in 1976.

The study, put together by an independent U.S. company, Business Trend Analysts, cautiously predicts that the proportion could rise to as much as 40 per cent in 1988.

The developing world is responsible for the phenomenal growth of countertrade of the 1980s; some 40 per cent of Third World trade is now said to take the form of countertrade. But developing countries, particularly rapidly industrialising and overborrowed nations such as Brazil, countertrade offers several potential benefits:

● It enables them to continue importing despite a lack of foreign exchange and without further harming the balance of payments. It can help soften the domestic impact of an International Monetary Fund austerity programme calling for drastic action to balance outgoings and receipts.

● By emphasising bilateral agreements, as opposed to multilateral free trade, and extracting concessions in return for the right to sell in a developing market, countertrade presents a chance for a developing country to regain access to a Western market which might otherwise be closed off by protectionism.



● Under "compensation" arrangements, countries can acquire vital technology and plant in return for a proportion of their output. It is here that the report sees the most promising avenue for the countertrade business in general.

At a time when voluntary syndicated loans have all but dried up for some countries, such deals can also give them new employment and additional revenue, and provide the banks with new — and, given the involvement of Western companies and governments, probably safer—lending opportunities.

From the companies' point of view, the report suggests that the bartering habit has now developed its own momentum. "To trade or countertrade is no longer an important question. The issue is increasingly becoming: to countertrade or not to trade at all."

Developing states, far from having to force countertrade on reluctant and uncomprehending Western companies, increasingly find businessmen vying to provide a barter service as a key feature of their marketing package.

Some West European governments, initially hostile to countertrade, are now egging on their industrialists and traders. The report draws attention to the Siberian gas pipeline deal between West Germany and the Soviet Union, which had official blessing and a significant countertrade element, as well as the establishment by France and Austria of state organisations to advise companies in countertrade activities.

Private sector companies providing specialised advice have also mushroomed, while many West European and U.S. companies have set up their own countertrade subsidiaries. The large commodity trading houses and international banks are providing a ready-made network for exhanging goods which individual companies might be reluctant to take in countertrade on their own.

There are, of course, significant disadvantages to barter. It will never be a particularly efficient form of trade, because it means—virtually by definition — the unloading by a country of low-grade or obsolete goods which it could not hope to sell for cash to companies which do not want or cannot use them.

Compensation arrangements, too, are a high-risk game: if a company gets heavily involved in such deals, it risks creating a string of new cut-price rivals on world markets.

As the report also notes, in most cases countertrade does nothing to solve a country's structural problems; it merely buys time.

But despite its defects and drawbacks, countertrade is evidently here to stay, at least for the 1980s. As the report bleakly observes: "Countertrade is perceived as an alternative in a world with few alternatives."

*The World of Countertrade, 252pp, prepared by Business Trend Analysts. Available in the UK from Mintel Publications, 7 Arundel Street, London WC2, price £7.95.

Britain 'could sell aircraft to China'

BY MARK BAKER IN PEKING

BRITISH Aerospace could win substantial contracts to supply domestic passenger aircraft to China, according to Mr Peter Channon, the UK Minister of State for Trade and Industry.

Mr Channon said potential sales of the BA-146 aircraft were an important area where Britain might be able to improve its poor trading relationship with China.

He said a team from British Aerospace would be demonstrating the BA-146 in China late this summer or in autumn.

"This is a particularly suitable aircraft for them to replace some of their commuter aircraft." Mr Channon said after talks with a broad range of senior Chinese officials. He met with a Vice-Premier, Tian Jiyun this afternoon.

Oil development, Communications and factory modernisation were three other "excellent areas" for Britain to expand its exports to China.

Despite the slow development of Sino-British trade, Mr Channon expected "a massive expansion in the coming years."

A delegation of leading British businessmen, headed by the chairman of Vickers, Sir Peter Matthews would visit China in April, a Briton would host a seminar on the offshore oil industry in the autumn.

Penta-Ocean to reclaim Singapore land

BY CHRIS SHERWELL IN SINGAPORE

PENTA-OCEAN Construction Company, Japan's leading dredging company, yesterday won a S$602m (£193m) contract to reclaim 600 hectares of land off the west coast of Singapore.

The contract—believed to be the biggest land reclamation deal since the new Changi Airport was constructed—was strongly contested by 16 companies from Japan, South Korea, the Netherlands and Belgium.

It is understood that the land will be reclaimed over a period of just 55 months, far shorter than originally envisaged and at a cost substantially lower than thought possible two years ago.

Jurong Town Corporation, which agreed the deal and has built up a vast international manufacturing and service base on the island state, awarded the contract to Penta-Ocean despite the fact that, unlike many of its competitors, it has no local partner.

Only last month Singapore contractors accused their Japanese counterparts of undercutting in their bids and of being too ready to take losses in order to secure business. The Japanese companies, including Penta-Ocean, denied the allegations.

The reclaimed land will be used to site "marine oriented" industries, Jurong Town Corporation said yesterday.

Senate set to boost President's trade power

THE controversial legislation which gives the U.S. President the authority to impose export controls was scheduled for debate yesterday, with Senators expected to approve more stringent legislation than that passed by the House in October, Nancy Dunne writes from Washington.

The most intense debate over the Export Administration Act is expected to take place when legislators from both houses meet to resolve differences in the two Bills early in March. The Senate is expected to approve a watered-down amendment not in the House Bill, giving the President authority to impose import controls if a foreign company violates restrictions imposed by Cocom—the Paris-based body which vets militarily sensitive technology sales, made up of Nato members plus Japan—by shipping certain goods to the Soviet Union.

Also at issue is a House provision which puts restrictions on trade and investment in South Africa.

Iran threatens curbs on W. German trade

Iran is threatening to place restrictions on imports from West Germany in an attempt to halt its spiralling trade deficit with the country, the German-Iranian Chamber of Commerce said in Hamburg today, Reuters reports.

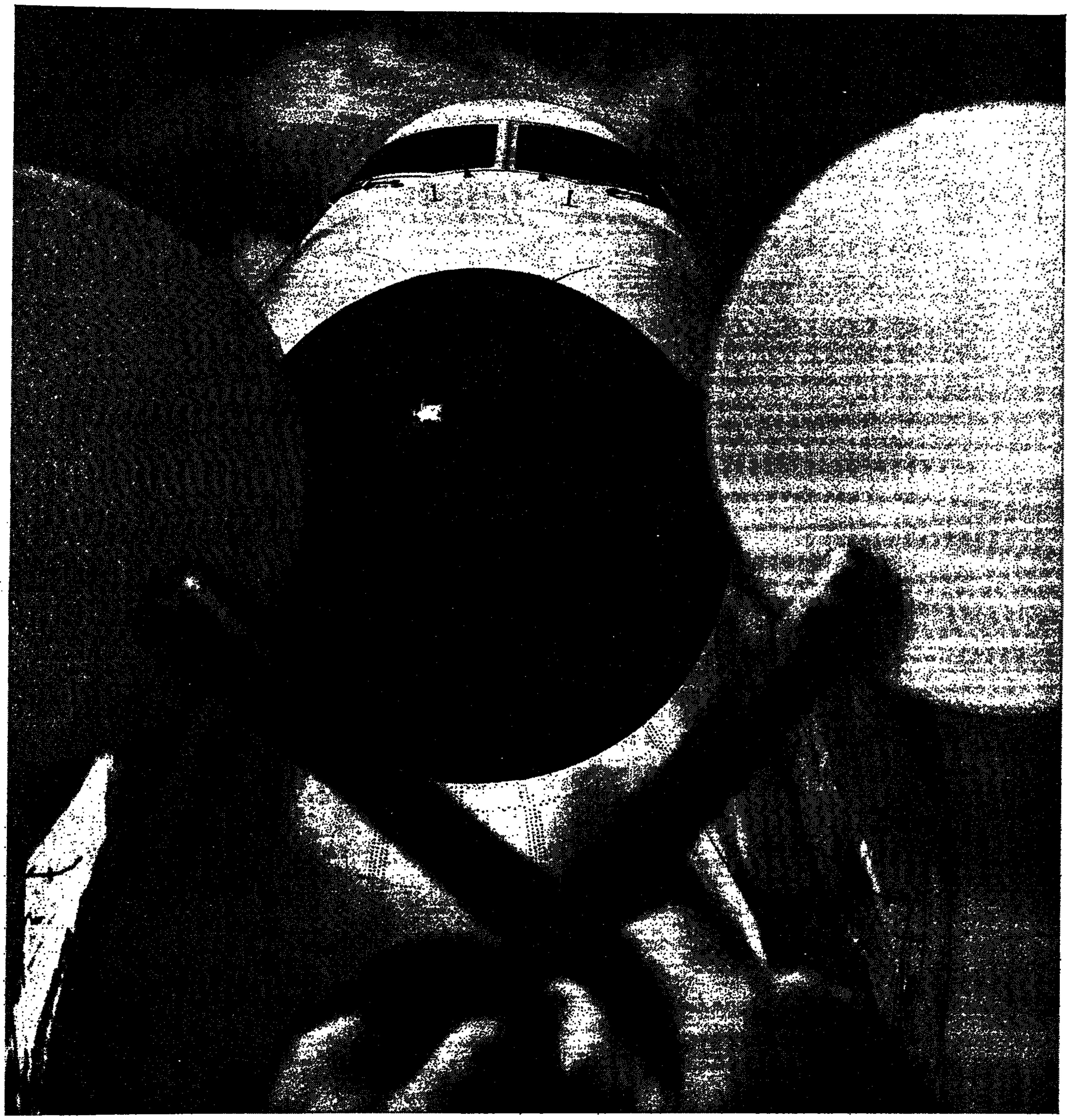
The Iranian trade deficit with West Germany nearly quadrupled to DM 6.15bn (£1.6bn) in 1983 from DM 1.66bn in 1982.

Japan 'halts insurance'

Japan was reported yesterday to have suspended export insurance cover on 25 countries, including Mexico, Brazil, Peru, Ecuador, Costa Rica, Turkey, Romania, and a number of African countries, Reuter reports from Tokyo.

Soviet ship order

Aalborg Shipyard in Denmark's North Jutland has won a Soviet order for three refrigeration vessels, for delivery in 1985 and 1986, Hilary Barnes reports from Copenhagen. The exact value of the orders was not revealed by the yard but it is understood to be about DKr 800m (£60m).



TECHNOLOGY

EDITED BY ALAN CANE

CLARES EQUIPMENT AUTOMATED FACTORY

How robots turned to trolleys

BY PETER MARSH

IN R.U.R., the play by Karel Capek that introduced robots to the English language in the 1920s, the master of the robot's is a factory manager called Rossum.

In one of Britain's most highly automated welding plants, in the cathedral city of Wells, Somerset, Rossum's mantle has been taken over by 34-year-old Ian Eyles.

The robot overseer works for Clares Equipment, which claims to be Britain's biggest manufacturer of supermarket equipment. The company makes trolleys, shelving units and display baskets. Customers include Sainsbury, Asda and Waitrose.

Clares, which runs other factories in Swindon and Mountain Ash, South Wales, has seen its annual sales triple to £18m in the five years since 1978.

Mr Eyles, a welder since he left school at 15, is known as "Merlin" because of his skill at programming the seven robots in the Wells factory.

Mr Eyles's work is supplemented by four other programmers, all of whom started their careers as apprentice welders.

"You need a welding background to do this kind of work," he says. "You need to take into account things like the speed at which the robot travels and the voltage and the amperage of the current that produces the weld.

"The job is a challenge. A robot is only a tool—at the end of the day it's your work that's coming out of it."

To make its products, Clares cuts or bends metal tube or wire and then welds the pieces together. A simple supermarket trolley may need anything up to 1,000 individual welds.

Clares, which is part of the Guinness group and employs some 650 people, bought its first arc-welding robot eight years ago. The company moved into automation because it could not find the skilled welders it required to boost output.

With their welding hardware, the robots each cost about £60,000. They fuse together pieces of metal in the lattice-type structures that form parts of trolleys or display equipment. In a typical job, a robot takes about four minutes to place anything between 10 and 60 welds.

The pieces of metal are gripped in a fixture, or a system of clamps, which ensures that the parts are exactly where the robot expects them to be.

To design the fixtures for a specific welding job is itself a vital task that can take several weeks. Mr Eyles or one of his fellow programmers then has to devise a software routine that tells the robot what to do. This takes typically half a day.

Clares keeps its robots working on one job for as long as possible because of the extra work that is needed when their tasks change. In practice, each of the seven welding robots—soon to be joined by two more now being commissioned—do the same job for about three weeks.

To instruct one of his machines, Mr Eyles guides the robot through a welding routine with a small joystick set in a control box. He feeds data into the hardware's memory with a keypad, for example to tell the machine to weld in a specific way at a particular point during its routine.

A display on the box provides information such as the speed at which the robot is moving at any time.

Once completed, programs are stored in memory banks for use on later occasions. Clares keeps in this fashion about 100 standard programs.

Each robot works in a cell surrounded by a green curtain as though in a hospital operating theatre. It is tended by a supervisor who normally loads a fixture with parts in about the same time as the machine takes to work through a routine. In this way, the robot welds the components on alternative fixtures virtually continuously.

Mr John Flagg, Clare's engineering director, says one of the biggest problems was in tightening up the tolerances in the parts that the robots weld.

In the days when all the welds were done manually, components could vary in shape by up to 1.25 mm. But robots—being "blind, deaf and dumb"—produce a perfect weld only if the parts are presented in almost exactly the fashion the machines have been programmed to expect.

As a result, says Mr Flagg, tolerances had to be reduced to about 0.25mm. Clares had to become more accurate in cutting and bending the metal before the welding stage. "We had to go through a re-education process," says Mr Flagg.

The robots by no means do all the welding. Automatic resistance-welding machines do some of the simple tasks. These essentially squirt electricity through metal components, for example a couple of wires laid across each other at right angles, to fuse them together.

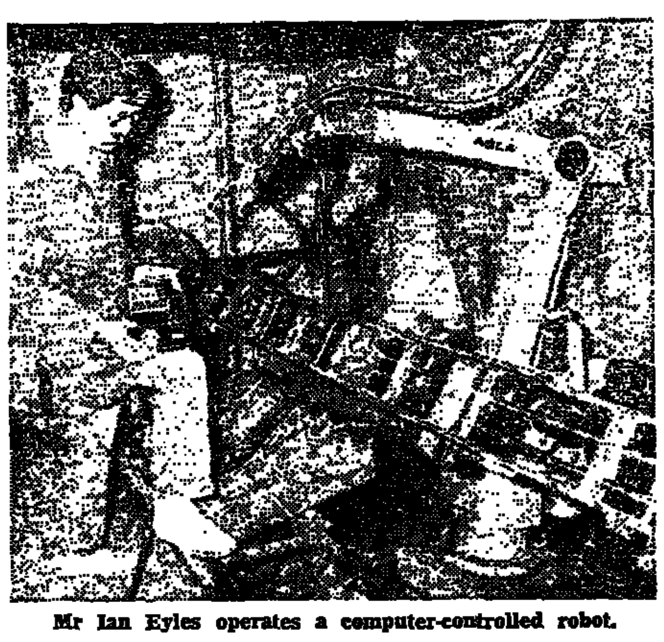
And a team of 30 manual welders does particularly tricky jobs that are too complex for the robots. The machines are better than people, says Mr Flagg, mainly on the grounds that in a typical task they work three times more quickly. To produce the same output without the robots, the company would need roughly to double its welding force.

By the end of 1984, the company will have spent £2m on new equipment over two years, says Mr Roy Griffiths, the managing director. The cash has also paid for a £500,000 plating line at the Wells factory through which the products pass in the final stage of the production process.

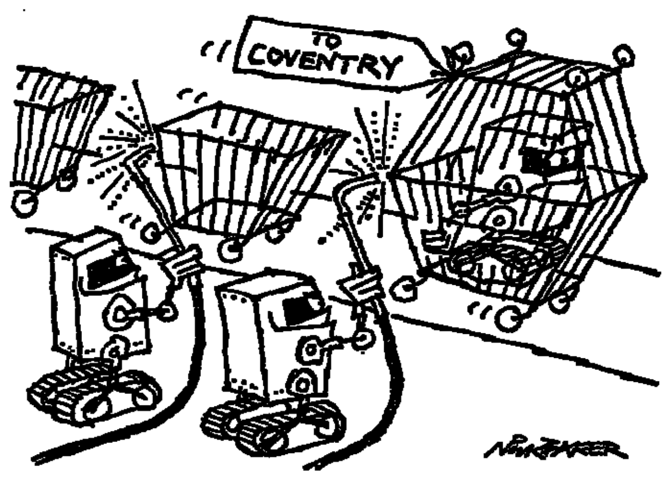
The accent on robots that can be programmed to do different jobs fits in with the company's stance that it must make products in a flexible fashion, to fit in with the requirements of customers.

The company makes its trolleys and display baskets in batches of anything between tens of thousands and a few hundreds.

"In our kind of business it's no good trying to educate the market to buy what you make," says Mr Griffiths. "You try to standardise but it seems that every customer wants something different."



Mr Ian Eyles operates a computer-controlled robot.



Why Apple built its house on Sand

NOBODY should be surprised at the speed with which Microsoft, the U.S.-based microcomputer software house, launched its first four applications programme for the Apple "Macintosh"—it was intimately involved with the new machine (MacHine?) from the start.

Mr Bill Gates, Microsoft's young chairman, is already credited with having played a fundamental part in shaping a number of significant personal computers—he convinced IBM, for example, it should use a 16-bit chip and abandon tape cassette drives for its best-selling Personal computer.

His involvement with the machine which became Macintosh goes back to 1981, when Apple's Lisa computer was already on the way but not yet launched. The Lisa was distinguished by the same high quality graphics and desk-top screen pointer ("mouse") which Apple hopes will make Macintoshes as common as grains of sand.

"Sand," in fact, was the code-name for the Macintosh project at Microsoft's Bellevue, Seattle, headquarters, where a small team of software specialists worked behind locked doors. Why was Microsoft so interested? "The demonstration we were shown was impressive, and the pricing strategy very aggressive. We knew that that Macintosh was going to have immense mass appeal," Bill Gates argues.

The Lisa and the Macintosh have a distinguished ancestry. Both are directly derived from the Xerox "Alto" and its commercial derivative the "Star," the first commercial computers designed to improve communication between man and machine through the use of high quality graphics.

Researchers who left Xerox's Palo Alto research centre to join Apple were responsible for the introduction of the Lisa and Macintosh technology — the mouse, high quality graphics, "windows" on the screen allowing separate programs to run independently and icons, small pictures on the screen to represent options in lieu of menus.

Other Xerox researchers, including Charles Simonyi and Scott McGregor, joined Microsoft where they worked on "Sand."

In particular, they worked on the windowing technique and the high quality graphics technology which makes windows possible.

The idea of dividing a screen into several sections each of which can display a separate program in operation—say, for example, a set of company statistics in one, a calendar in another, predicted sales figures in another and the text of a management report in a fourth—is not new.

What has brought windowing and other graphics techniques to the fore is the availability of the new generation of high speed microprocessors. The

Professional Personal Computing

Macintosh uses a microprocessor called the Motorola 68000; it is a true 16-bit device, that is, it handles 16 individual binary digits or bits of information simultaneously.

This means it can processes information at very high speeds and it can address a very large number of memory locations. This makes possible "bit-mapped" graphics.

This means that the video display screen of the computer can be divided up into a very large number of picture elements (pixels) and each one of these is represented in memory by a single bit—a binary 0 or a binary 1. Now the Macintosh allows 512 x 342 or 175,104 pixcels on its screen making possible very high definition graphics—but it takes all the speed and addressing power of the 68000 to handle the creation and manipulation of the graphics and text.

This must be compared with a earlier generation of computers—say the Apple II which would allow only 25 lines by 40 columns on its screen at total of 1,000 individual characters.

In these 8-bit machines, the software requests to create a particular character or number are sent to a specialised "character generator" which creates the image seen on the screen.

It is a very much easier (for the computer, that is) process but obviously much less flexible. The computer can create only the images the character generator allows and can place them in only a certain number of screen positions. It is possible by inserting extra circuitry to improve the performance of an 8-bit machine but for true bit-mapped graphics, a 16-bit processor or faster seems to be essential.

Microsoft worked closely with Apple during the development, debugging and fine tuning of the machine. Jeff Harbers, Microsoft engineering development manager who was in charge of the Sand project, notes: "From the beginning we have felt ourselves to be a part of the Apple engineering team.

"We have been able to contribute on almost every aspect of the Macintosh.

"For example, although Apple developed its own operating system for the Macintosh, some of the ideas for the disk formats and the file directories came from Bill Gates."

The first of the Microsoft products modified to use the advanced it-mapping capabilities of the Macintosh was Multiplan, a financial spreadsheet — a version of it was running as early as July 1982.

Harbers notes "If you looked at the original Macintosh and what is being introduced now, you might not recognise it as the same thing."

"Steve Jobs' (Apple's chairman) basic concept is still there but changes in both hardware and software were the result of our recommendations."

"The original software interface could not do all the things we believed our software was capable of achieving," Jeff Harbers said. "Everything we recommended was designed to take advantage of the Macintosh's advanced graphics capability."

ALAN CANE

Semi-conductors

Gallium circuits

HARRIS Microwave Semiconductor, a subsidiary of the Harris corporation has developed integrated circuits based on gallium arsenide rather than silicon.

The company says that the circuits are five times as fast in operation compared with silicon chips. Harris claims that this is the first commercial application of gallium arsenide integrated circuits though several Japanese companies have announced work in the field.

The circuits, which are a binary counter and shift register, have applications in telecommunications, computing and instrumentation. More information on 0753 34660.

Energy

Lithium batteries

MATSUSHITA Battery Industrial says that it has developed a carbon lithium battery which can be recharged 1,000 times. It plans to sell the coin shaped rechargeable battery for the same price as conventional unrechargeable lithium ones.

Such batteries are used in calculators and watches. Matsushita says that it is the first rechargeable lithium battery for commercial use.

Conference

THE Second Financial Times Automated Manufacturing conference will take place on March 27 and 28. Confirmed speakers include Mr Jim Meehan, president of General Electric's industrial automation company in Europe, and Mr John Clancy of McDonnell Douglas Automation. Details from the FT Conferences Department on 01-621 1355.

BP cancels delayed rig at Scott Lithgow

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

BRITISH PETROLEUM (BP) yesterday cancelled a nearlycompleted semi-submersible drilling rig ordered from British Shipbuilders' Scott Lithgow yard on the Lower Clyde and demanded compensation of about £85m. The rig, originally valued at £60m, is a year behind schedule.

British Shipbuilders disputed the claim and referred it to its lawyers. It said it would finish work on the rig at the Scottish yard, then sell it on the open market.

The cancellation – threatened by BP two weeks ago – complicates still further the multi-sided negotiations over the possible takeover by a private company of the state-owned Scott Lithgow and the completion of a much larger and more sophisticated semi-submersible drilling rig for Britoil.

Cancellation by Britoil in December of its £88m order which was two years late, left the yard facing closure. But the Government's decision to wipe away Scott Lithgow's debts has led to three private companies vying to take over the yard and win the contract for the rig from Britoil.

BP informed British Shipbuilders and Scott Lithgow of its decision in separate letters. The yard has 14 days to return the money plus interest and damages. Damages amount to the maximum £5.8m allowed in the contract. Despite the original price of £60m, the costs on the order now total around £80m, it said.

Scott Lithgow has only one order remaining; a seabed operations vessel ordered by the Royal Navy in 1979 and about 18 months behind schedule.

The Britoil order, only 30 per cent complete, lies in numerous pieces about the yard with only parts of the hull joined together.

Most of the workers at the yard have been working on the BP rig; about 3,500 workers remain. The company is seeking 800 redundancies and several hundred workers are at present laid off.

British Shipbuilders' hopes of selling the rig on the open market are likely to lead to further losses at Scott Lithgow, which last year accounted for £66m of British Shipbuilders' £117.4m losses.

Offshore drilling rig operators report little demand for semi-submersible drilling rigs. The Sedco-designed BP rig could be worth between $30m and $50m (£21m and £35m). "We're finding that these semi-submersibles are both hard to lease and hard to sell," one operator said yesterday.

British Shipbuilders must now hope to transfer the yard to new owners while completing the BP and navy orders. It could be a crucial week for the takeover plans for the yard. A provisional agreement between British Shipbuilders and Trafalgar House – the shipping and property company – to take over the yard, expires tomorrow.

Britoil announced on Friday that its negotiations with Trafalgar House had reached the stage where detailed contractual negotiations could start.

But it emphasised that talks would continue with the two other companies hoping to win Britoil approval to complete the contract and take over the yard. They are the UK arm of Bechtel, the U.S. engineering company, and Howard Doris, the Anglo-French company which operates an offshore fabrication yard in the Western Highlands.

Trafalgar House said it was still in the running for Scott Lithgow, although it had wanted to take on the BP and naval orders as well. Bechtel has maintained it is only interested in the Britoil contract, and would not take on the BP order. Howard Doris said it was still interested in Scott Lithgow, but the BP order would affect the company's evaluation of the yard.

Dutch bid to secure cable TV contracts

By Raymond Snoddy

BRITISH CABLE manufacturers may be about to face stiff competition in the developing cable television market in the UK.

Dutch companies with years of experience in supplying specialised cable for large cable television systems in Holland are identifying the UK as their most important new market.

With Holland already 65 per cent-cabled, companies such as Pope and NKF, both Philips subsidiaries, are looking to Britain for future growth.

NKF has submitted a bid to provide the cable for Windsor, one of 11 interim franchises chosen by the Government, and has already delivered 50km of trunk cable to British Telecom which is involved in five of the franchises.

Mr Paul Stoopman NKF's sales manager for telecommunication cable systems, said he saw Britain as the company's most important market in future. "It accounts for 50 per cent in my 1986 business plan," he said.

If the company fails to break into the UK market it could mean a loss of cable jobs at the company's Dutch headquarters.

ORTOLI CALLS FOR STERLING TO STRENGTHEN MONETARY SYSTEM

Britain urged to join the EMS

BY CHARLES BATCHELOR

THE EUROPEAN Community has benefited on balance from the European Monetary System (EMS) but could achieve much more if sterling joined the arrangement, according to M Francois-Xavier Ortoli, vice-president of the European Commission.

Without sterling, he said, the EMS could not be fully effective in establishing internal monetary stability or in exercising an influence outside the community. He was speaking in London yesterday at a two-day conference, organised by the Financial Times, on "The City of London and Europe – a 10-year appraisal."

M Ortoli said that membership of the EMS would not prevent the UK from pursuing effective monetary policy, nor would it damage the competitiveness of British exports.

Entry of sterling to the EMS, he continued, would set the seal on a necessary mechanism for promoting common disciplines and would extend the admittedly small zone of monetary stability.

This would comprise one part of the opening up of a large European financial market to channel savings into capital investment. Linking stock exchanges, harmonising legal mechanisms and removing restrictions on the flow of capital would strengthen the process of commercial integration and attract fresh resources into corporate finance.

Prof Brian Griffiths, Dean of the City University Business School, said he had been initially very sceptical about Europe and the EMS. But the community had achieved a degree of exchange rate stability and Britain would gain by joining. Traditional British objections no longer held. The inflation rate had come down and it would be advantageous for sterling to be linked to the D-Mark.

Mr Roy Jenkins, MP, a former president of the European Commission, argued that Britain should "get its head out of the groceries" and become more concerned with the political dimension of the community.

Europe was lacking in good political leadership, he claimed. He contrasted the establishment of Nato in just 15 months, after the Second World War, with the paralysis of decision-making which had characterised recent meetings of the heads of EEC member governments.

Mr Jenkins called for Britain to achieve a long-term solution to the problem of its contribution to the EEC budget. Annual renegotiations represented "the extras on the bill" which irritated Britain's partners.

European farmers, he said, were no more subsidised than those of the U.S. or Japan. But the community must move away from devoting 60 per cent of its budget to agriculture when industry contributed 90 per cent of its wealth.

Lord Selsdon, adviser on EEC affairs to the Midland Bank, called for a restoration of the historical relationship between trade and finance upon which the City of London was based. International bank lending should be directed more towards financing those countries with which Britain traded. He cited the example of Latin America, which represented only 2 per cent of British trade yet accounted for 20 per cent of outstanding debt.

FINANCIAL TIMES
The City of London and Europe
CONFERENCE

Mr Win Bischoff, chairman of J. Henry Schroder Wagg & Co, said some people must have wondered whether the enlargement of the European Community 10 years ago would mean a reduction in the importance of the London financial market. In fact, London had become *the* international financial capital market, the base of a deep and developing domestic market and a burgeoning offshore market.

He said London financial institutions had, however, missed an opportunity in the 1970s by not restructuring themselves as a large part of the American financial services industry had had to do. European, and in particular, UK financial institutions, must keep their presence in their home markets but also make themselves felt in the U.S. and Tokyo.

Sir Nicholas Goodison, chairman of the London Stock Exchange, said planning for change was no longer purely a domestic matter. The European Community was increasingly having an impact on what the exchange did.

The dismantling of fixed commissions on overseas securities, due to come into effect later this year, and other changes would result in a substantial difference in the dealing system, he said. This should strengthen London's position as number three in the world league of international security markets, after the U.S. and Japan.

The European continental stock exchanges must in turn become more flexible in their domestic and international operations.

Groups accused of violating drugs code

BY CARLA RAPOPORT

BRITISH subsidiaries of three leading U.S. drug companies and one West German group, have been cited for violating the UK's code of practice over the marketing and promotion of pharmaceuticals.

The companies are: Abbott Laboratories, Syntex, SmithKline (all U.S.-owned), and Schering Chemicals, which is part of the Schering group of West Germany.

The UK Code of Practice Committee, an arm of the Association of the British Pharmaceutical Industry (APBI), has upheld several complaints against the companies, including charges of excessive hospitality and misleading advertising of prescription drugs to doctors.

Findings of the committee are meant to be confidential. Last year, however, it was agreed that they would be circulated to senior executives within the UK drug industry and one of those executives leaked the most recent report to Scrip, the pharmaceutical newsletter.

SmithKline was said to have violated the code in 11 different cases concerning promotion of its anti-ulcer drug Tagamet and Schering was accused of using misleading advertising with its sleeping pill Noctamid.

Syntex and Abbott were cited for excessive hospitality. In the case of Syntex, a doctor complained that the company had offered to take him and his wife either to dinner or to a theatre or make a donation for surgery books and equipment.

No sanctions are taken against offenders, but companies that repeat violations are liable to expulsion from the APBI.

Government encourages private railway lines

BY KEVIN BROWN, PARLIAMENTARY STAFF

THE GOVERNMENT wants to encourage schemes to privatise parts of the rail network, Mr David Mitchell, Transport Under-Secretary, told the House of Commons yesterday.

Mr Mitchell told MPs: "Proposals for privatisation of various routes will be of interest and will be encouraged by us, but they must be commercially attractive to British Rail."

He added: "We have set BR very stiff targets to be achieved and it would be quite wrong to undermine them by insisting on schemes which are not commercially attractive to the British Railways Board."

Mr Robert McCrindle, a Conservative MP, said travelling conditions for commuters would be improved substantially by privatisation. He urged the Government to view favourably the proposals by the Brengreen group to take over the line from Southend, Essex, to London's Fenchurch Street station.

Brengreen, in partnership with Rothschilds Bank, proposes to take over management of the line while BR would remain responsible for track and signalling. Brengreen says it could cut the workforce from 680 to 250. It would lease new rolling stock equipped with interiors like the first-class compartment of an airliner, with reserved seats and newspapers provided. Sponsorship of individual carriages would be sought.

Mr Mitchell also told the Commons that the Government intended to hold further talks with BR on the development of commuter services into London. Mr Peter Snape, a Labour spokesman on transport, said BR had cut services in London and the South-east three times in less than seven years.

Gas '20% underpriced'

BRITAIN's gas is underpriced by as much as 20 per cent, according to official calculations circulating in Whitehall.

They also suggest that electricity could be underpriced by perhaps 8 per cent on certain criteria.

These figures, which are not accepted by the industries, are being studied by senior ministers who want to make the financial targets for gas and electricity very much tighter in the medium term.

They are likely to be the subject of some tough argument between the Treasury and the Department of Energy, with the Treasury pressing the case for "economic pricing" on much tighter criteria than have been applied so far.

One of the arguments will be about when the electricity industry should achieve a rate of return on its assets of 5 per cent, compared with the 1.4 per cent target in the current year.

In the present state of the industry, a 5 per cent rate of return on assets would require prices to be raised by perhaps 8 per cent, according to one estimate.

Over a period a 5 per cent rate of return could be achieved by higher efficiency, but the Electricity Council does not appear to think this would be feasible within the next 10 years.

Treasury ministers, on the other hand, seem likely to press for a 5 per cent target on a much shorter timescale, particularly in view of their ambition to privatise part of the industry. This implies that prices would not be able to go on falling in real terms

On gas, the hard-line case rests on a study of the corporation by accountants, Deloitte, Haskins, Sells, published last year. This suggested that a formula for economic pricing which, according to Whitehall updates, might require an increase of as much as 20 per cent. But earlier this month British Gas formally rejected the report's criteria.

The latest argument over fuel prices has emerged just before the publication of a report by an all-party committee of MPs on energy pricing. This is expected to criticise strongly the Treasury's role in forcing prices higher than the industry and the Department of Energy want.

The background to the argument, however, is a strategic review of the economic pricing formulae now under way within Whitehall. This is expected to be complete in time for the industries to raise their prices to consumers, if necessary, in the early part of 1985.

● NEARLY 20,000 mineworkers were sent home for the day without pay as a result of the overtime ban by the National Union of Mineworkers which is now in its 18th week. Miners were laid off while essential safety and maintenance work was carried out. This work is normally done as overtime at weekends.

● ANGLESEY ALUMINIUM is planning to modernise its smelter at Holyhead, North Wales, at a cost of £7m–£10m.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Telephone start-up with a U.S. connection

Jason Crisp reports on an electronic message service

"WE'RE in a really dumb business. We are copycats. We take a U.S. service which straddles the twin "Cs" of computers and communications and transplant these services across the ocean," says Allan Newmark, a Wall Street investment banker, with perhaps undue modesty.

Next week Newmark will see his latest start-up open for business. Called Kensington Datacom, it provides electronic message services that he believes are of particular use to smaller businesses.

It is the second company launched by Newmark in the UK to take advantage of the newly liberalised telecommunications environment and is soon to be followed by a third, offering a security service.

The first company, Callog, has established a strong position in the UK market supplying a low cost device for monitoring telephone use on small private telephone exchanges. Several of Callog's investors, including the Post Office Pension Fund and J. Henry Schroder Wagg, have invested in the new company, which starts wtih a share capital of £1m.

Kensington Datacom's service, called One to One, is a form of electronic mail box. And most of the company's investment has been in computers and telecommunications equipment at its headquarters in Pimlico, London, to which all customers will be linked.

The service is an example of so-called Value Added Network Services (VANS)—widely seen as major growth areas—which, broadly speaking, are any service offered on the telephone network other than the straight re-sale of voice circuits.

Customers of One to One need to have either a microcomputer or a communicating word processor. They will connect to the service via an ordinary telephone line with a modem (a device which allows computer signals to be sent along the line) and special software. When connected, customers will be able to send and receive telexes. The system can also be used as an electronic "mail box" for receiving messages. Letters can also be mailed from One to One by using it as a remote word-processing system.

Harvey Coleman, managing director of Kensington Datacom who was recruited from British Olivetti, claims that One to One has been based on the best of the services available in the U.S. and then adapted for the British market. He believes its services are easier to use, more flexible and often cheaper.

The reason the company may attract small businesses, for example, is that they can gain access to the telex network through One to One without the cost involved of having a terminal installed and a line assigned. Kensington Datacom claims that any company having its own telex terminal and line needs to use it for a minimum of 11 minutes a day to justify its cost—a greater usage than many small firms may require.

"I have two main markets. The small businessman who has already invested in a personal computer or communicating word-processor. There is also a benefit for managers in large companies who can avoid the bottlenecks of their telex rooms.

Harvey Coleman, managing director, and Jeff Fishel, marketing manager, of Kensington Datacom: two main markets

receive telexes confidentially at their desk as well as using the electronic mail box," says Coleman.

One to One faces some well established competition, although the market is still embryonic. The two leading public electronic mail services are: British Telecom Gold, based on ITT'S Dialcom service in the U.S.; and Comet from Istel, the computer service group owned by BL. The new company also faces competition from telex bureaux and Micronet 800, which can offer mail box and telex services through Prestel, the public viewdata service.

So far Kensington Datacom has found that small companies are mainly interested in the service for the cheap access to telex, and larger organisations are interested in electronic mail.

Unusually the company is marketing its services through office equipment and microcomputer dealers, which are more used to selling hardware rather than a service. It has chosen this route for two reasons. First, it is a relatively low cost service and therefore unsuitable for direct sales. Second, the dealers know who has already bought a microcomputer and would therefore be most interested in the One to One service.

Coleman originally expected to have 2,500 to 3,000 customers by the end of this year. Although the service does not begin until next Tuesday, he now says: "I think we may quadruple that in 12 months."

If the company does meet its ambitious targets it will not be many years before it is seeking public finance. Allan Newmark comments: "The target is to go public and by whatever is the best route at the time."

Voluntary register of names fails

A VOLUNTARY register of UK businesses, designed to replace the official register abolished just under two years ago, is to be discontinued for lack of support. Just 7,000 businesses registered in the period, against a possible 120,000 a year if registration had been compulsory.

As a result, the UK becomes the only country in Western Europe and North America without some form of registration for new businesses.

The outcome is a blow to Alexandra Roney, legal councillor of the London Chamber of Commerce and Industry and whose brainchild the register was. She instigated the idea after the Companies Act 1981 cancelled the obligation of new businesses to register at Companies House. Instead, a requirement was introduced that so-called "non-companies," such as sole traders and partnerships, should only have to display details of their trading name and address in a prominent position on their premises.

One of the major advantages of the register was that it enabled new traders to check whether the name they gave their businesses conflicted with an existing one — which could give rise to possible action in the courts.

The old register, which dated from 1916, was axed as part of the Government's pledge to cut bureaucracy and public spending. It was distinct from the arrangements which apply to limited liability companies, which have always had to file details of their existence with a central registry.

The LCCI's voluntary register was a joint venture with three other chambers of commerce in Birmingham, Cardiff and Merseyside, and a company search agent, Souter and Co, a Chepstow-based specialist in trade marks.

Though registrations will be suspended from tomorrow the LCCI's Business Registry will continue to offer a search facility of information already on file.

Arnold Kransdorff

A direct route to the end-user

Tim Dickson explains how a specialist lens-maker bought its way out of a marketing problem

AT THE beginning of 1980, David Oakes got the shock of his life. Figures for January of that year showed that sales of his small coated plastic lenses business Spectrum (St Helen's) had plunged 60 per cent and to make matters worse, the representative of a key corporate customer suddenly announced that he would probably not be buying again until June at the earliest.

While many other small companies hit by the widespread de-stocking in British industry at the time quickly went under, Oakes was among those who somehow managed to survive. So it is one of the pleasanter ironies of life that he has recently persuaded the merchant bank, Hill Samuel, through its Fountain Development Capital Fund, and Citicorp Development Capital to help him buy out and merge his business with the very company which inadvertently had compounded his problems exactly four years ago.

Institutional support for the merger of Spectrum, which had sales of around £350,000 last year, and the much larger Itex Safety (sales in 1983 of £3m) is based primarily on an assessment of Oakes' technical know-how and management record in the chemicals and plastics industry. But the deal deserves attention for two other reasons.

Firstly, it offers Itex, formerly a relatively insignificant limb of the giant mining group, RTZ, a way out of a big company framework in which it played no logical part.

Secondly, if all goes according to plan, it offers Spectrum a means of overcoming the marketing problems which arguably have stunted its development over the last 15 years.

Set up by Oakes on a part-time basis in 1967 in converted premises in St Helen's, Merseyside, Spectrum manufactures lenses, filters and windows for the industrial eye protection market and more recently, has also been involved in sub-contract work for the Ministry of Defence.

The company boasts high precision skills in optical tooling and moulding—the result of considerable investment in R and D in the late 1970s—and claims to be alone in the UK in its ability to apply anti-scratch and anti-mist coatings to the interior surface of a polycarbonate lens. (Hitherto resistance to abrasion had been the one big advantage of using glass.)

Spectrum's problem over the years, however, has been its dependence on the handful of major UK safety equipment suppliers who market and sell the complete product. Typically these companies supply head-to-toe protection—buying in or assembling safety helmets, goggles, clothing, footwear, etc. —but when they accepted a new product or component from Spectrum it was generally on an exclusive basis. Competitors then tended to react by asking for similar equipment which incorporated slight design difference and involved additional tooling costs.

To capitalise fully on its R and D investment Spectrum has therefore been searching for a route to the end-user of eye protection devices.

Oakes spotted his chance of pursuing such a strategy when Itex's parent company, Thomas Ward, was acquired by RTZ after a bitter take-over battle in late 1981. Oakes, appropriately, had been managing director of a then RTZ subsidiary between 1963 and 1970 and calculated—rightly—that the minerals giant would be a willing seller of Itex if he offered the right price. It took eight months however, between his first approach to the company in October 1982 and the agreement in principle to sell in July last year. (Indeed, the £1.2m deal was not finally completed until early last month.)

Itex is a well established and profitable manufacturer and distributor of a range of safety equipment and, according to Oakes, will bring several benefits to Spectrum. Besides the immediate reduction of overheads and some modest rationalisation of facilities, the company should provide the desired route to the marketplace for Spectrum's eye and head protection products. Oakes sees potential in the military and defence fields — both at home and overseas — and is particularly excited by a Ministry of Defence contract for prototype production of a gas mask intended to be technically acceptable for the next 20 years.

Exporting, indeed, is a major priority. Itex has not been involved in selling overseas to any significant extent but Spectrum has got its feet wet and since the late 1970s has had a commercial relationship with Groeneveld BV of Dordrecht in Holland, a private company in the domestic and export safety equipment field. Groeneveld in fact helped Oakes back on his feet after the early ravages of the recession by injecting £127,000 for a 52 per cent equity stake in late 1980.

Success in bringing the two companies together will not only depend on Spectrum's technical skills. (It may be a market leader in the UK, but there is plenty of competition in the U.S.) Oakes' ability to motivate the 12-strong Itex sales team and to work together with the existing Itex management will also be vital.

The City-based shareholders are certainly impressed that Itex's commercial manager and chief accountant are staying behind and between them will subscribe for six per cent of the enlarged equity. Citicorp and Hill Samuel have 68 per cent, leaving Oakes and other individual founders with 20 per cent and six per cent respectively.

In brief...

A SERIES of one-day small firm "roadshows" begins at the South Bank Business Centre in London on Thursday. Organised by the London Enterprise Agency and the London Chamber of Commerce and Industry, the initiative is aimed particularly at existing businesses and bankers and local authority representatives. The roadshow will travel to Tower Hamlets, Ealing, Islington, and Greenwich.

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A FREE half-day information session has been organised at the Manchester Business School next Saturday. Participants will find out about the school's New Enterprise Programme—which in the past few years has helped 250 new businesses off the ground—and will hear from successful business people in the North West who have already benefited from the programme. Further information from Dr George Lester, 061-273 8228, Ext 319.

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THE Eighth Small Business Management Teachers' Programme will be held at Durham University Business School from July 2 to 13. Its aim is to help those who wish to develop the teaching of small business management education within their organisations. A limited number of bursaries is available thanks to sponsorship from the Department of Trade and Industry and Barclays Bank. Further details and application forms from Professor Alan Gibb, Small Business Centre, Mill Hill Lane, Durham DH1 3LB.

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HALF-an-hour's air time is promised to the 12 finalists in a new British Small Business Competition organised by the Radio-4 Series "Enterprise" and the Radio Times. Businesses with a turnover of less than £1m, employing less than 50 people and which have been successfully trading for up to five years, are invited to describe their achievement. The winner will get £10,000. Details from BBC Publicity, Broadcasting Centre, Pebble Mill, Birmingham B5 7QQ (021-472 5353). The competition closes on March 19.

T. D.

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THE ARTS

Jerusalem in Paris

Ronald Crichton reports on a rare Verdi

The Paris Opéra is gradually restoring to the repertory neglected works written for the house by foreign composers lured to Paris by the theatre's ancient fame during the early and middle 19th century. The latest addition is *Jérusalem* (1847), Verdi's first French opera, a thorough-going revision with much new music of his *I lombardi alla prima crociata*, written for Milan four years earlier. Though *Jérusalem* sank into obscurity, at least two leading Verdians, Ursula Günther and Julian Budden, have come out firmly for the superiority of the more mature French work to *I lombardi*. For Budden *Jérusalem* represents Verdi's coming to terms with French opera, which "fired his dramatic imagination . . . and in general made possible the amazing advances of the next few years."

The French librettists Royer and Vaëz changed the Lombard crusaders into followers of the Count of Toulouse. They added a new twist by which the Count's brother Roger's bungled attempt to assassinate the knight Gaston, betrothed to the Count's daughter Hélène, is caused by Roger's incestuous passion for his neice. The intrigue is complicated and not engrossing. The crusading background is used less as a unifying thread than as an excuse to introduce local colour, with divan and harem scenes in the arab town of Ramala, on the way to Jerusalem. But Verdi's (at that stage) short-term view of drama produced its own rewards. *Jérusalem* is a rich and varied score.

The fairly sound intentions of the producer Jean-Marie Simon were undermined by first-night unreadiness and, more damagingly, lack of conviction in the performance. Fabio Palamidese's architectural sets, modern-idiom salutes to the grand romantic style, cry out for striking tableaux and sweeping animation. All they got was a sluggish cohort of chorus and banner-waving, spear-carrying supers. The blood and guts of early Verdi were nowhere. That the Opéra can still produce a spectacle in the grand manner is convincingly shown by the present revival of the Nureyev-Georgiadis staging of the Petipa ballet *Raymonda*.

Donato Renzetti's evident enthusiasm at the conductor's desk only occasionally pulled the performance together. Some ensembles kindled, some of the remarkable instrumental detail was brushed in with not quite appropriate delicacy (is the brilliance of the Paris woodwind fading?), but this was soft-pencil Verdi, with little crispness or tension. The Opéra chorus is no longer the exciting body it was quite recently. Happily some of the old fire returned for the fine ensemble in the crusaders' camp, just before the once-famous trio for Hélène, Gaston and Roger.

Hélène, the only character to arouse much sympathy or interest, is a formidable part. Cecilia Gasdia looks the very image of a romantic prima donna, well served by the costumes of Claude Gastine. The voice is limpid, appealingly expressive, with courage and agility for the bravura flights. She sang too often under the note, as if discouraged by the flaccid musical surroundings. The Gaston of Veriano Luchetti, in spite of some well-moulded singing, also sounded discouraged, relapsing into pinched tone and choppy phrasing. Ideally Roger needs a bass of greater amplitude and depth than Silvano Carroli's, but this able performer was, as ever, balefully effective.

The Italian artists made a genuine and not unsuccessful effort to get the French text across. In any case there were idiomatic contributions from Alain Fondary (a baritone with a voice at once smooth and forward) as the Count of Toulouse, from Fernand Dumont as the Legate and Jean-Philippe Marlière as Herald. As Gaston's squire Raymond, Kenneth Collins sang and moved with precisely the conviction lacking elsewhere.

Centre Georges Pompidou, Paris/William Packer

Putting Bonnard at the top table

So the latest French crisis unfolds; and it is by the nicest coincidence that at the very height of the late blockade, there should open in Paris an exhibition which demonstrates the enduring ability of France, in art as in all things, to cast the revolution of the moment in terms of solid bourgeois preoccupation and achievement. Such indeed, would seem to be the character of the modern movement in painting, and especially so in its heroic earlier phases that we know familiarly as impressionism and post-impressionism: Manet, Degas, Renoir, Cezanne, Monet, Pissarro, Vuillard, Braque, Matisse, and Bonnard of course.

That 'of course,' however, is a fairly late assumption; for, obvious though Bonnard's standing in such company may now be to us, it was for many years not at all so clear. Art history and criticism are inexact disciplines which will seize upon any term, category or usage that offers the merest hint of certainty, definition, or just plain usefulness. And post-impressionism once seemed so clear, so positive and precise, its four principals, Seurat and Cézanne, van Gogh and Gauguin pointing the way so neatly towards the severities of cubism and incipient abstraction—Mondrian, Picasso and all—on the one hand, and to expressionism — Matisse, Picasso and all — on the other. Where was the room in such a scheme for a Bonnard, with his intimate, hedonistic, painterly expressionism?

We do well to remember in this connection that even Matisse, so long secure in the pantheon, has had his moments when his close domestic interests have seemed a shade too trivial and indulgent for the more high-minded of observers. But the various study of art, inexact as it may be, is nothing if not naturally and deeply revisionist, and one of its most fruitful developments in recent years has been to put upon post-impressionism, as its first precision has come to be seen as false and misleading, a more generous, broadly temporal reading. It is within this wider critical scope that Bonnard can now be given his due, and seen not just for his peculiar qualities and particular achievement, but as one of the three or four greatest painters of the 20th century.

Rather more to the point, it is to Picasso and Matisse, and perhaps to Braque, that the comparison most closely stands, not in kind but in distinction. Of them all it must be said at once that Bonnard is the purest painter—which is where we come necessarily to some technicalities. All painters use in combination, but across an infinite scale of emphasis, colour and tone, line and mass; and there are one or two convenient if general terms by which to indicate something of the way in which each one sets about his business. "Graphic," for example, is quite neutral in such a context, telling us simply that it is more the line than the mass and area of the paint that effectively establishes the image, that the work is more drawn, shall we say, than painted: and the line will give direction, which in its turn may suggest movement. But then the hand that holds the brush must move, and all painting, as the studio dictum has it, is in some sense drawing.

And "painterly," mildly approbative, carries the sense of the painter's physical engagement with his material, and the quality of his handling as he works the surface of the canvas: which leads on to the secondary, rather more specific suggestion of his not using, as the dictionary puts it, clearly defined outlines. Such are the two poles, the light and dark or hot and cold as it were, that between them comprehend the painter's sphere; and so it is that we can say that Picasso and Matisse (and it is Matisse who stands the closest of the two in relation to Bonnard), for all the intensity and vibrancy of their colour, the richness, subtlety and tactile invention of their surfaces, and in sheer physical power of their images, are essentially graphic in their work, and Bonnard who is most the painter.

The paint itself does the work: it is not the image that has been set out, though that may be read well enough, that we see first of all, nor the physical sensation of the colour as such (as it might be with Matisse) that we feel, but the physical presence of the paint as paint. Laid so lightly, rich and delicate, upon the surface, each mark and stroke holds its place, and only then begins to work with and against its neighbour, hovering and shifting forward or back according to the pitch and resonance of the colour at its particular intensity and tone. It is not by the drawing at all, which with Bonnard is ever wayward, quirky and idiosyncratic, that the pictorial space is established and the image shimmered into focus, but by thus infinitely subtle modulation and expression of colour through touch. The quality is one which painters know and recognise through their fingers' ends, and Bonnard has ever been a painters' painter.

The exhibition of his work just opened at the Centre Pompidou in Paris (until May 21, and then to Washington and Dallas) is as physically ravishing a treat as one could wish to enjoy: some 63 paintings in all, which are hardly too many, that take us from the youthful Nabi of 1890 to the old man of nearly 80 and the month of his death, January 1947. But those early years are skated over somewhat, the true start being the turn of the century with the painter putting the experiments and principles of the Nabis behind him, the lessons taken from the Japanese thoroughly absorbed. The painter we would recognise nearly 50 years later declares himself straight away, one of clear, indeed extraordinary maturity, a sensibility fully formed. That very consistency, perhaps, has helped obscure the true scale of his achievement, for what is familiar we come first to expect and then to overlook, decry, even forget. Against the works of his contemporaries in that first decade of this century, Picasso moving from Blue and Rose to cubism, Matisse feeling his way through fauvism, Bonnard's contribution as shown in the first room at the Pompidou, now seems quite as radical.

But he was no obsessive theorist, or experimenter, his preoccupations personal and domestic, his obsession rather his commitment to his practice as a painter as it related to the experience of his private world that he, like all true artists, evidently sought to fix, and so convey, through the work. It is a haunted, poignant idyll that he chases down through all those years, a perfect moment, a golden age: a summer evening beneath the trees, the garden beyond the terrace in the twilight, the fruit on the table, the same ideal girl, endlessly self-regarding, washing, drying, stretching and preening herself before the mirror. The figures in his landscapes and interiors are so often shadows merely, flitting at the very edge of sight, figments of the imagination with whom somehow we conspire to share the vision and the dream, not look in upon from the other side.

The miracle is that such mere dabs and touches can conjure up so touching and affecting a response: we neither look for nor expect any exact representation, and yet the sensation rings so very true that we can hardly bear to look away—for the sun still shines, and the young girl still turns to her bowl beside her on the table. "I hope my painting will last," Bonnard wrote in the last year of his life, "and won't crack. I would like to appear before the young painters of the year 2000 with the wings of a butterfly."

La nappe à carreaux rouges, painted by Bonvard in 1910.

Boulez/Festival Hall

Dominic Gill

Twenty years ago almost to the day, Pierre Boulez took the conductor's rostrum for the first time in front of the BBC Symphony Orchestra; his concert with the same orchestra last Friday, though it was only billed as part of the LCO's continuing "Music of Eight Decades" series, inevitably had something of the air of an anniversary celebration.

There were no announcements, no speeches (although Boulez consented to introduce the evening with a pre-concert talk). But the Festival Hall was nearly full for the occasion, and Susan Bradshaw's tribute in our programme will doubtless have summed up the sentiments of many present: "Just as Pierre Boulez the composer influenced the styles and compositional techniques, as well as the musical thinking, of a whole generation of his contemporaries during the 1940s and 1950s, so the work of Boulez the conductor and programme-planner was to have an equally far-reaching effect in moulding the habits and attitudes of a new generation of performers and concert-goers during the 1960s and 1970s . . . it is fascinating to speculate that the history of western music over the last 30 years or so might have evolved quite differently had it not been directed to such an extent by the energy and determination of this one extraordinary musician. . ."

In this concert Boulez the composer was also represented, by two works, both essentially dating from the 1960s—although *Le Soleil des eaux*, for orchestra, soprano solo and chorus, is actually a 1965 revision of a much earlier work, and *Improvisation sur Mallarmé III* from 1960 was performed in a new version (1983), now definitively revised. Like most Boulez works of that period, they are a restless cascade of contrasts — of textures and timbres, frenetic and static; solo and concerted, in every register and dynamic range. Though the third *Improvisation* now modifies some of the more impractical earlier random processes, the character of the music, and its effect, are essentially the same: a kaleidoscopic variety of timbres and gestures, always shifting position, and especially relative position, at electric speed. It is this remarkable sensitivity to the fast-moving mesh of instrumental sound which gives the music its most haunting quality, and its peculiar nervous charge.

Boulez began his programme, just as he once used to in the trail-blazing days two decades ago, with Webern's op. 6 and op. 10. The manner has not softened, but it has relaxed, with the years: less glacial exactitude, more vivid dramatic pointing—more concern especially for the poetical separation of sounds, and for the silences between them. They were stirring performances, bright, brilliant, exquisitely shaped—has his once unbearably hectic account of Webern's *Das Augenlicht*, I wonder, similarly mellowed? For his finale he gave exhilarating and savage illumination to Bartok's most austere and savage orchestral score, *The Miraculous Mandarin*, firing the BBC orchestra to an electric display of anniversary eloquence.

NLC Choir/St John's

Dominic Gill

The New London Chamber Choir's enterprising combinations of old and new choral music are by now an established and stimulating part of London's music are by now an established far has been notably free from serious lapses, and rich in success. I trust that Sunday's concert was only a temporary fall from grace: it was, at any rate, the first thoroughly disappointing event by the Choir that I have attended.

It was an understandable indulgence of the Choir's founder-conductor James Wood to include a work of his own somewhere in the series, but a serious failure of the self-critical faculty to include a work of such flimsy musical pretence as his *Cantata II*, nearly 25 minutes long, which took up the whole of the concert's second half. Scored for choir with organ, two harps and large percussion section, the piece sets a mosaic of Latin and French texts about Babylon to the musical equivalent of mixed plasticine—at its most characterful, a muddy hybrid of Hindemith and Messiaen, sprinkled with "modernist" gestures, and sustained by a dogged reliance on sequences and ostinatos, that would hardly pass muster at a school concert.

The first half was devoted to Monteverdi. The Choir's account of the gravely lovely Sestina "Lagrime d'amante" from the sixth book of madrigals was the more assured and smoothly expressive. Both "Ardo avvampo" and the great "Hor ch'el ciel" from the eighth book, however, needed far more precision of attack and virtuosity of dramatic colouring to make their proper effect—but nothing, I'd guess, that experience, and more intensive rehearsal, can't achieve.

Gwyneth Jones/Covent Garden

Max Loppert

Miss Jones's recital on Sunday was a sad experience. This is the voice that in its early incarnation Walter Legge once likened to a rare piece of Sèvres; but since that time it has been cruelly chipped, cracked, and by its owner heedlessly treated. Early on in the evening, it seemed that the soprano might actually get by on the abundant warmth and sincerity of her personality, on her still vibrant gift for dramatic identification and projection—in the opening Schubert group "Die junge Nonne" was carried on a wave of emotional intensity, sustained by a visionary gleam of the eyes and even in a handful of the notes.

But in the Mahler, Brahms, and Strauss groups that followed Schubert, the programme choice directed the voice largely towards the slow, the pensive, the dreamy, or the meditative—and thereby, alas, towards a comprehensive display of its failings. To compile a complete list of all the overdriven or juddering climaxes, the modes of non-legato utterance, the blurred words and bumped lines, would make tedious reading, and perhaps the wisest course must instead be to draw a kindly veil over them all. Geoffrey Parsons at the piano was in his cautious-to-a-fault mood; often, one felt, more assertive rhythmic attack might have conquered the dryness of acoustics, and perhaps even spurred the singer on to less continuously fraught vocalisation.

Alfred Brendel/Festival Hall

Andrew Clements

Two and a half Schubert sonatas in Mr Brendel's recital on Sunday afternoon; though the fragment — the C major sonata D840—is as substantial as many another intact work. Much of the piano playing was hugely impressive; following this artist through territory he has already charted so thoroughly on record is inevitably a fascinating study in emphasis and shading. Here it seemed as if the final work in the programme cast a shadow back onto its predecessors; some of the perplexing features of both the C major and A minor D784 sonatas could best be explained in terms of an approach which took the B flat sonata D960 as its controlling norm.

How else to comprehend an almost indolent opening to the C major, pulling together its dramatic threads only gradually and never quite realising the full dramatic potential of the development, and an Andante that serenely spun off its figuration without exploring the darker hints in its modulations? The lack of unflinching dramatic contrast in the A minor was a more serious drawback. No question of interpretative alternatives here, the first movement *should* be more fiercely argued, its contours less accommodatingly shaped. Yet Mr Brendel followed the Allegro with an Andante as perfectly turned as one could wish, and a finale of glinting pattern making; still highly controlled, yet of total architectural certainty.

First-movement exposition repeats were observed in both the earlier sonatas, but not in the B flat; it is indeed a long enough movement without one, but when it is played with such poise and perfectly placed articulation a second hearing would have been sheer pleasure. There was no room for new discoveries even here; emotion was still held on a tight leash. Some marginally unexpected *accelerandi* in the finale were the only genuine surprise; in the last movement also there was a hint of tiredness: the chording lost some of its firmness, rhythmic contours sometimes blurred. But the sonata still travelled unerringly towards its conclusion, holding the concentration of the audience as surely as that of its performer.

Anthony Field joins Theatre Projects

Anthony Field is to leave his post as finance director of the Arts Council to become financial director of Theatre Projects, a company that plays a leading role in the business of design, management and supply of technical skills and hardware to the theatre, leisure and communication industries world-wide.

Philip Thomson/Wigmore Hall

David Murray

Philip Thomson is a Canadian pianist, trained in Toronto and at Juilliard, where he won last year's Liszt competition. His recital on Sunday showed why, and it revealed an uncommonly interesting musician over and above the brilliant technical dispatch that his advance notices promised.

His *opening pair of Scarlatti* sonatas in C were imaginatively coloured, neither mock-harpsichord nor Horowitz *imitations*. Of his Chopin, the evergreen op. 18 Waltz and the C minor Nocturne were notable for gentle, singing lines and wayward fancy, with full-scale assault strictly reserved for climaxes. Only the first pages of the Fourth Ballade sounded immature, underexplored; later there were as many good, fresh *ideas as odd ones, and some* expansive command.

With Ravel's suite *Gaspard de la nuit* Thomson left no doubt that he is an artist of parts. Impressive to find so many *illuminating* touches in this familiar virtuoso exhibit, as well as beautifully fluid playing (and stretches of hair-raising power): if he took too many breath-pauses in Ondine's song, and devised a clever resonance for the death-bell of "Le *Gibet" at some cost to* its steady grimness, the strong sense of individual re-creation *forgave everything. For once*, there was no hint of reliance on the famous models of Mr X and *Madame Y*, nor any mere quirkiness either.

The Liszt half of his programme alternated well-tried stuff—*Funérailles*, the second St Francis legend and the heartfelt transcription of Schumann's "Widmung"—with neglected pieces: the long, fraught "Pensée des morts" and a crystal fragment that celebrates the Feast of the Transfiguration. There wasn't a bar of routine playing in any of it. St Francis *rode the waves magnificently*, and the *Funérailles* sounded newly-minted. It was the ferocious intensity that Thomson gave to the "Pensée," above all, that proved him a Lisztian of outstanding distinction. We must hope for further visits by this greatly promising pianist.

Mantis/The Place

Clement Crisp

"You're taking a lot of liberties" declared one of the dancers in the final work of Mantis' programme on Wednesday at the Place. There could be no more apt summing up of an evening singularly irksome on many counts, not least in wear and tear on the ear drums. *We had begun with Flippin' Eck*, yet another example of aural assault and battery from *Michael Clark, whose affection* for the most aggressively raucous punk rock—no nerve-end unbruised—is here matched by the disconsolate activities of his tatterdemalion cast, their clothes more hideous than even this lacklustre piece deserves. *Stage 7* which followed is by Micha Bergese, Mantis Dance Company's director. It opened *promisingly*, with white-clad dancers circling the stage, their reflections caught in a group of *inflated sculptures*, while technicians and musicians surveyed the action from the ringside. There was a sense of mystery, and—unusual for these fringe troupes—a feeling of corporately intense theatre; all, alas, was dissipated as Laura *Dean-like twirlings and dervish* rotation took over, and the activity sprawled, while the decibel roar from drum and guitar careered over the pain threshold.

The dance lives on experiment, we know, but evenings such as this fail if they only propose the rawest tricks and the most self-indulgent procedures as justification. The group of dancers in Matthew Hawkins' *Chicanery* were dressed in surreal abstractions of 18th century dress, cleverly designed by Mark Erskine Pulleine in black and white, but their behaviour left me entirely puzzled, unless the piece was intended as an exercise in the inexplicable. The presence of Michael Popper in this, as in every item of the evening, was a reassurance about the importance of a clear, elegant dance style: he could *everywhere be seen redeeming* the insufferable and asserting the merits of classic discipline (the programme note reveals that he is a Royal Ballet School graduate). Mr Popper was especially effective — precise, clear in physical purpose—in *Rotary Action* which ended the evening and included the chatter which I mentioned at the start of this notice. Produced by the American pair Bill T. Jones and Arnie Zane, it is one of those running-about-and-playing-games pieces that *so quickly* outstay their welcome. When the dancers start to talk, you sense that *everything else has failed*, and panted words will not hide the holes in the choreography. They failed signally so to do in this threadbare piece, but Mr Popper went coolly about his business and made things better thereby.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

February 24-March 1

PARIS

Le Fantome de l'Opera, a three-act ballet, choreography by Roland Petit, music by Marcel Landowski, conducted by Marcel Landowski/Claud Schnitzler *alternates* with Verdi's Jerusalem in a new production by Jean-Marie Simon, conducted by Donato *Renzetti* with Veriano Luchetti in the role of Gaston, Alain Fondary as the Count of Toulouse and Cecile Gasdia as Helene. Paris Opera (742 5750).

Maurice Bejart and the XXth Century Ballet: Messe Pour Le Temps Futur, expressing the anxiety, hope and fascination of the future. Palais des Congres (266 2075).

LONDON

Royal Opera, Covent Garden: The new production of Andrea Chenier, good to look at and expertly planned, is disappointingly tame - passionately conducted by *Richard Armstrong* but undersung by José Carreras and Bernd Weikl. Rosalind Plowright's *Madeleine de Coigny* is at least on the right lines. Last performances of the Bohème revival. (240 1066).

English National Opera, Coliseum: The new Mastersingers is a curate's egg. The best side is the strong relationship developed between Gwynne Howell's Sachs and Alan Opie's Beckmesser, the least good Elijah Moshinsky's self-conscious handling of the popular scenes. The Barber of Seville returns with Ann Murray new to London as Rosina; further performances of John Cox's much admired production of Patience, with Derek Hammond-Stroud, Patricia O'Neill, and Anne Collins. (836 3161).

WEST GERMANY

Berlin, Deutsche Oper: Premiering this month is a Jean-Pierre Ponnelle production of Fidelio, controversially conducted by Daniel Barenboim. It has star tenor Peter Hofmann as Florestan and Catarina Ligendza as Leonora. Der Rosenkavalier is perfectly cast with Brigitte Fassbänder, famous for her rendition of Octavia, and Anna Tomowa-Sintow. Falstaff, a Gotz Friedrich production, has Alain Lombard making his debut as conductor. Salomé rounds off the week. (34 381).

VIENNA

Staatsoper: La Cenerentola, conducted by Roberto Abbado, with Agnes Baltsa, Giuseppe Taddei; Verdi's Attila conducted by Charles Mackerras with Nicolai Ghiaurov, Piero Cappuccilli; Flying Dutchman, also conducted by Charles Mackerras, with an international cast including Gwyneth Jones, Donald McIntyre; Ludwig Minkus's ballet Don Quixote, conducted by Stefan Soltess with Ildiko Pongor and Gyula Harangozo. (53 240).

ITALY

Milan: Teatro Alla Scala: Wagner's Tannhäuser conducted by Gustav Kuhn (not Pretre, as announced at beginning of season) with Rainer Goldberg, Wolfgang Brendel, Elisabeth Connell. (809 126).

Venice: Gran Teatro La Fenice: Atmosphere of the Vienna of the Hapsburgs is brought to Venice by Il Pipistrello, by Johann Strauss, *conducted by Peter Maag*. A French/Italian production sponsored by Veuve-Cliquot (25 191).

HOLLAND

The Netherlands Opera *performs* La Vie Parisienne by Offenbach in the Amsterdam — Stadtschouwburg. *Members of the National Ballet join* the company in Puccini's Manon Lescaut.

NEW YORK

Metropolitan Opera (Opera House): The week includes the last seasonal performances of the new production of Rinaldo and Stravinsky with Natalia Makarova dancing the butterfly in Le Rossignol along with composer's Sacre de Printemps and Oedipus Rex, conducted by James Levine, with sets by David Hockney. Kiri Te Kanawa sings Arabella conducted by Marek Janowski. Tannhäuser with Leonie Rysanek conducted by James Levine. Lincoln Center (580 9830).

WASHINGTON

New York City Ballet (Opera House): A fortnight's visit covers the range of the ballet's repertoire, beginning with Serenade, Symphony in C and a local premiere of Glass Pieces. Kennedy Center (254 3770).

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The Basque challenge

MADRID'S problem with Basque separatism and the associated terrorist movement is no closer to a resolution as a result of the regional elections held on Sunday in the *Basque region of Spain.* The Socialists, followers of Sr *Felipe Gonzalez, the Spanish* Prime Minister, achieved their aim of overhauling Herri Batasuna (HB), the party generally associated with the Eta terrorist movement. But HB still managed to gain rather more votes than in the previous regional election, held in 1980.

The election, therefore, has provided little tangible evidence that sympathisers with Eta have been repelled by a terrorist organisation that is blamed for more than 500 killings since General Franco died in 1975.

What could justify hopes that the outlook may improve is the increased turnout of voters. In 1980 59 per cent of the electorate went to the polls: this time 68 per cent did. The higher turnout enabled the biggest party in the Basque Parliament, the moderate Basque Nationalist Party (PVN), to poll a record number of votes, and also made possible the Socialist advance.

The significance in both cases is limited. According to the generally held view in Spain the bulk of the abstentions in Basque regional elections usually come from Spanish-speaking residents of the Basque provinces, rather than from Basques proper. If so, the electoral arithmetic portends no fundamental shift of attitude among those voters who supply the backbone of Basque nationalism.

Suspicion

Since PVN, as the governing Basque party, has tried to make a go of the statute of autonomy granted by Madrid, its increased popular vote may reflect a greater degree of popular satisfaction with that settlement. But through a trick of the system PVN's position in the Parliament has deteriorated and it will have to seek support from other parties. That harbours an obvious danger that PVN may have to bid for more extreme backing.

Equally, there is a danger of confused or weak leadership which could irritate the armed forces. They have always viewed with suspicion the Madrid Government's experiments with devolution, not only in the Basque country, but in other parts of Spain as well. If their apprehensions should appear to be justified, the always delicate balance between political and military power in Spain could be upset.

Eta has often played upon this historic weakness of the Spanish state. By choosing many of its victims among the higher officer corps it has tried to goad the military into turning against the democratic Government. Terrorists thrive on confrontation. But it would be the height of irresponsibility for more thoughtful nationalist Basques to play into the terrorists' hands.

Moderation and reason are needed also from the forces marshalled against terrorism. Every state has the duty to defend itself and its citizens from violence and murder. But it is a task for the police and the armed forces—not for counter-terrorists masquerading as guardians of law and order. That is as true in Northern Ireland as it is in the Basque country. It is very much to be hoped that there is no truth to allegations that the Spanish security forces are hand in glove with gunmen who have been attacking Basque militants in France.

Difficulties of dealing with Basque nationalism are aggravated for the Spanish Government by the dismal state of the Spanish economy. The unemployment ratio has climbed to about 18 per cent. In the Basque country with its aged industries the ratio is as high as 21 per cent. Madrid has recognised that Spanish industry is in need of a painful restructuring, but has been slow to put it into practice.

A great deal of good sense and readiness to compromise will be needed on all sides if these political and economic challenges are to be met. As in Northern Ireland, the search for a settlement acceptable to all half-way reasonable groups must be continued against the odds. The statute of autonomy must be given its chance to work and not be sacrificed to the extremists on either side. Most important of all, reasonable Basques—and surely that must be a majority of a long-oppressed people—ought not to give even the semblance of encouragement to the gunmen.

Innovations in air travel

ONE OF the dilemmas faced by the Thatcher Government in its privatisation programme is whether to leave the existing structure of an industry intact — for example, British Airways' dominant position in civil aviation — or to alter it in advance of the public flotation. British Caledonian, the UK's "second force" international airline, has argued strongly that there is a serious imbalance in the industry which can be remedied only by a wholesale transfer of routes from BA to BCal — and from Heathrow to Gatwick, where BCal has its main base.

That BA has a very large share of the most attractive routes out of the UK is not in dispute. BA's argument is that the transfer of routes to BCal would do nothing to increase competition (since the number of airlines on each route is normally regulated by bilateral agreements between governments), but would merely reallocate a "monopoly" from one airline to another, at the expense of reducing the UK's share of capacity at the airport which most international passengers prefer, Heathrow.

Direct or indirect competition between the two companies is sometimes possible; BCal was recently licensed to fly to Riyadh, for example, despite the opposition of BA which flies to other Saudi Arabian cities. But the risk with these arrangements is they simply divide up a given share of traffic, making it hard for either company to earn profits.

It was a transfer of routes from the old BOAC and BEA that created the "second force" airline in 1972, following the recommendations of the Edwards Committee. It is arguable that the transfer did not go far enough and that BCal has too small a share of profitable international routes. Should the privatisation of BA be used as the occasion for completing the job? A viable second intercontinental airline is a potential source of alternative ideas and alternative standards of service, but making BCal bigger is not an end in itself, especially if it involves damage to a considerable British asset in BA's Heathrow-based international network. The aim must be a structure and a regulatory system which afford the maximum scope for innovation and competition, not just for BCal, but for other independent airlines.

There are disadvantages arising from BA's present size and shape. It has the ability to cross-subsidise domestic routes (on which it faces increasing competition) from profitable international traffic and, on occasion, to shift surplus capacity at very low prices into the charter market. Route licensing within the UK, and on international routes served from regional airports, could be steered more towards the independents. It is also desirable that new services, domestic and international, should be developed at Gatwick; for example, domestic services which are not primarily acting as "feeders" for international destinations could be concentrated mainly at Gatwick rather than Heathrow.

EEC proposals

British Airways in its present form cannot be regarded as sacrosanct; some route transfers should not be ruled out even if it makes BA marginally less attractive to investors—as long as the rival airline can offer as good a service to the customer. But what the industry badly needs is more innovators and they are unlikely to be found among the established airlines which have grown up in a highly regulated environment. Unfortunately deregulation on the American pattern is not an option. Within Europe most governments are determined to protect their domestic airlines and to retain national control of civil aviation matters. These attitudes have produced a pattern of capacity and revenue sharing agreements which is strongly weighted in favour of the status quo and provides inadequate incentive for efficiency and enterprise.

Since 1979 the European Commission has been trying to develop a Community air transport policy. It has just produced a new and carefully drafted set of proposals which, without undermining the present bilateral system, would introduce greater flexibility in fare setting and in the launching of new services. The British Government should strongly back the Commission's ideas, which complement its own efforts to stimulate competition within the UK industry.

SOUTH AFRICA AND ITS NEIGHBOURS

The laager grows stronger

By J.D.F. Jones in Johannesburg

THE AFRIKANERS, as they trecked north into Africa in the 19th century, *developed their famous laager as* a defensive tactic.

Outside this closed circle of ox-wagons they would clear the surrounding bush so that they *could not be taken by surprise* by the hostile blacks; inside the *laager* they could feel comparatively secure.

There may be a clue here to the latest news from the region. Suddenly, the headlines speak of "detente" in *southern* Africa. On the east coast, "Marxist" Mozambique is on the point of signing a non-aggression treaty with the proponents of apartheid in Pretoria. On the west coast, Angola has agreed to a joint ceasefire commission on its southern border.

The long war for the independence of Namibia, fought between the South African Army and the South West African People's Organisation (Swapo) may be nearing its end. And the so-called "Frontline States" — the independent black governments of the region — are said to have accepted all this and are talking about the *benefits of peace, stability* and good neighbourliness.

No wonder the South African Foreign Minister, Mr Pik Botha, who not so long ago was supposed to have been shouldered aside by the military, is looking remarkably cheerful.

What has happened is that various factors have combined to compel the black states of the region to admit that a period of co-existence with South Africa may be necessary: that, for the time being, they have no alternative.

The white South African *laager* has thereby been given the opportunity to insist that its enemies (meaning above all the guerrillas of the African National Congress—the banned South Africa Black organisation) be denied the territories that immediately surround the Republic. The South Africans have never been so close to their objective of a cordon sanitaire—a buffer zone—along their northern frontiers.

Now, while the external enemies are kept at a distance, the South African Government can attend to its internal tensions. The optimists say it is already *doing so by means of a newly* confident commitment to "reform," to constitutional change, to the abolition of petty apartheid, while pressing ahead with development of the grand apartheid design of separate black ethnic states.

The factors that have brought South Africa to this unexpected situation are straightforward:

● For several years Pretoria, notwithstanding its denials, has been involved in a range of activities which have had the effect of destabilising the region. Opposition or rebel groups in the neighbouring territories have been *mysteriously strengthened; acts of* sabotage have been expertly carried out and rebel supply lines surprisingly effective; important transport routes have been vulnerable or *unreliable.*

Little of this can be definitively laid at Pretoria's door. Indeed, a "policy" of destabilisation is virtually impossible to prove. Again and again the responsibility can only be traced back, if at all, to individuals rather than *departments. More important,* neighbour governments have *not actually been overthrown:* they have merely been made to feel nervous, or shown to be inefficient.

● Two neighbouring governments, however, have been under increasing pressure. In Angola and Mozambique, the rebel movements, Unita and *the Mozambique National* Resistance (MNR) respectively, have been increasingly effective and are both universally believed (*pace* Pretoria's denials) to have enjoyed some degree of assistance from the South African Defence Force.

In Angola, Dr Savimbi's *Unita movement claims* to "control" half of the territory. In *Mozambique,* the *MNR,* which was originally sponsored by the Rhodesian Army, is active in most of the 10 provinces. In both cases the acute state of the civil war obstructs hopes and plans for *stability, economic* development and prosperity.

● A combination of world recession and the worst drought of the century, has immensely exacerbated this crisis. In Mozambique, for example, the drought is in its third year and the outside world is only slowly *grasping the size of the emergency.*

● The U.S. has been applying pressure on Pretoria and at the same time wooing the black capitals. The argument to Pretoria has been President Reagan's "*constructive engagement*" policy—that the West will *defend South Africa against* its many enemies so long as the Republic shows itself determined on peaceful change.

To the Frontline States there have been promises of western assistance and, in the case of Angola, diplomatic recognition. President Samora Machel of Mozambique has scarcely been able to hide his relief and there *is almost a honeymoon with the* U.S. in progress in Maputo.

The U.S.-Angolan relationship is more difficult so long as there are 25,000 Cuban soldiers in the *country. Their withdrawal must* be the single most desirable *target of President Reagan's* Africa policy in the year running up to a U.S. election.

● There may have been an *important recent development* in South Africa, relating principally to Namibia but very much a part of the regional detente. South Africa has for many years defied the world and fought a war to maintain its control of the territory, which it still governs under a mandate granted by the League of Nations in the 1920s. *Leaving aside the enormously complex* background of the dispute, it suddenly appears possible—though this can only be conjecture, and the role of U.S. persuasion is obviously crucial —that the South African Cabinet has wearied of the commitment to "the South-Westers." *The Prime Minister* complains of the cost of the South African administration and of the war (which is at least R1bn a year at a time when the South African Exchequer *is heavily overspent*).

Mr Botha's Government is enjoying a new electoral confidence after last November's triumphant constitutional *referendum result and he may feel* strong enough to ignore the *opposition of the Right wing* to a withdrawal from Namibia.

● Meanwhile, the South African security authorities have defined the external enemy. It is *not Black Africa, whose military* strength is insignificant in *comparison with South Africa's,* nor international pressure, in the form of boycott or other forms of disapproval. It is the African National Congress. The main ANC training camps are in Angola; 95 per cent of ANC operations inside South Africa pass through, or have some connection, with Mozambique. (*Elsewhere in the region,* ANC elements are being compelled, through specific pressure, to retreat from Lesotho and Swaziland, while in Zimbabwe, which might be thought to be the Republic's potentially most hostile neighbour, the ANC is not permitted to operate other than *diplomatically.*) The policy has, therefore emerged: to clear the bush beyond the *laager;* to create what would amount to a cordon sanitaire. Hence Pretoria's enthusiasm for non-aggression pacts with the neighbours.

The deal with Mozambique and with Angola, will in its essentials be very simple and reciprocal. *Although no one* will say it officially (since no one acknowledges the previous activities) the idea is that Mozambique will stop allowing the ANC facilities such as safe houses or transit permission and in return the MNR will be seen to falter.

Similarly on the west coast: if Angola can enforce its side of the ceasefire so that Swapo (and the Cubans) are not allowed to move south of a certain line, then Unita is likely to lose some of its impact.

All of this is to stress the defensive, and therefore the negative aspects of the attractions of detente. It is important to note that there are strong positive factors reinforcing the process which are mainly economic.

South Africa is an economic unit in which, if politics and ideology permitted, everyone *would benefit from regional* planning and development. The Republic is of course the dominant economy and the Frontline States are all deeply conscious of their natural economic ties to the south.

In a normal world, they might be happy to send their *surplus labour to South Africa,* to increase trade with her, welcome her investment capital and link up with her rail and power systems. Of course, this already happens to a large and, sometime concealed extent, but it would happen much more if political obstructions were less important.

The Black Governments have set up the Southern African Development Co-ordination Conference (SADCC), whose aim is to lessen the dependence of their black economies upon the Republic. They are well aware that the organisation is to *some extent wrong-headed* but they do not see what else they can do so long as apartheid rules in Pretoria.

That explains the instinctive positive response to a possibility of detente. *Mozambique in particular* will see fresh hope for her devastated economy in the prospect of South African tourists, investment, loans, export traffic and labour contracts.

Since independence 10 years ago the economic links between Mozambique and South Africa have weakened dramatically. South Africa's use of Maputo harbour has steeply declined, tourism has dried up, the convention under which a minimum percentage of South Africa's exports must be shipped via Mozambique has fallen into disuse, and recruitment of Mozambique labour (and thus their remittances to their families in the remote villages) has fallen off.

Economic self-interest may be an eloquent argument for conciliation, and South Africa has tried to use it before, particularly in Prime Minister John Vorster's proposal in the mid-1970s for a "constellation of states." The Frontline governments then turned down the constellation out of hand as a backdoor attempt by Pretoria to give respectability to its "independent" black homelands. Only the tiny client-states of Botswana, Lesotho and Swaziland have been willing to admit their dependence. Even with them there have been frequent problems.

Nevertheless, although detente may have been accepted for the time *being out of a sense of* desperate realism, it would be foolish to believe *it is going* to lead to an age in which the black states will learn to love apartheid. It will remain the fervent desire of Messrs Mugabe, Machel, Dos Santos, Kaunda and all the other black leaders (except perhaps in Malawi and Swaziland) to see the *overthrow* and destruction of apartheid in their lifetime, and this *ambition is unaffected* by news of non-aggression pacts and ceasefire commissions.

Analysts correctly point out that the success of this new detente can be observed by watching: (a) What Swapo does —will it agree to co-operate in the ceasefire? (b) whether either Unita or MNR continue to jeopardise the very existence of the Angola and Mozambique governments; (c) whether President Mugabe's Zimbabwe continues to behave in what Mr Botha describes as a "realistic" way; *and (d) how the ANC* will respond to what can only seem a major reverse. Indeed, the onus is now very much on the ANC to demonstrate whether its effectiveness can survive this strategy.

But far more important even than this will be to see what use *the South African Government* chooses to make *inside* the *laager* of this breathing space.

If some of the external pressure is lifted, will Mr P. W. Botha's *Government* press on with reform even more vigorously than at present, so that the very causes of regional instability will weaken and fade? It need not take long to discover the answer.

Bob Hutchison

The Government can now attend to internal tensions while the external enemies are kept at a distance

Men and Matters

Brenan goes to market

After 15 years as finance *director of the Hambros banking and insurance group, Patrick Brenan has* stepped over the fence to join one of his old clients.

Brenan, aged 56, will sample some of the entrepreneurial action at first hand when dealings open tomorrow on the Unlisted Securities Market in Dewey Warren, the Lloyd's *insurance broker which recently* came out of financial services and property group, Argyle Trust.

His appointment as non-executive chairman is regarded as something of a coup for Dewey's deputy chairman, John Rooke, and managing director, John House. "They are essentially insurance men," Brenan *explains,* "and felt they could not continue on their own as they are being *exposed* to the ways of the City for the first *time outside the insurance business.*"

Brenan's main job will be to keep a close eye on the books —a job for which he is well equipped as head of the Institute of Chartered Accountants' finance committee.

But Brenan, who is a Lloyd's member, also hopes to put some brokerage Dewey's way with the help of contacts he built up at Hambros in the U.S. and Far East. "You have to be up with the early birds in this game," he says.

Not that Brenan is exactly slow on his feet. He has just raised £250,000 for *his local golf* club in Brighton by issuing an index-linked debenture to the members

"Hello love, you're early—overtime ban, pit closure or Day of Action?

Vernon's castle

Denis Vernon, 52-year-old chairman of Ferguson Industrial *Holdings, has been taking a* close personal interest in the problems of property maintenance—which is understandable when parts of his company's head office are 700 years old.

When I met him, he was half-way through a two-day course on the preservation of buildings and their contents being held at Sotheby's, the London art auctioneers.

Vernon's headquarters are at Appleby Castle, a 17th century *country house built inside* 13th century walls a few miles south of Penrith in Cumbria.

Since buying the castle and its 32 acres of grounds 10 years ago for £110,000, Vernon has had to spend very little on its upkeep. But he says he is keen to know what might be involved if work ever does become necessary.

A solicitor by training, Vernon came into Ferguson when the company, which was being run by an uncle, fought *off an unwelcome takeover bid* in the late 1960s. He runs a diversified group with £119m worth of sales last year, though he now plans to concentrate on its most profitable activities in building supplies and printing and *packaging.*

Vernon gets the maximum return from his castle, running management courses for group companies and outsiders to help towards the upkeep.

The grounds are classified as a *rare breeds survival trust* centre, and support a collection of *rare domestic farm animals* and wildfowl which attract 25,000 visitors a year. Ferguson shareholders who present a copy of the company's annual report at the gate, gain free entry to the grounds during the summer as one of their perks.

Shopfloor Walker

"*I've always been conscientious* and I regard this as my medal," says *Alan Walker, a factory* supervisor working for the ceramic tableware company, Steelite International. He has just won an export promotion prize that will take him to Canada and the U.S.

Walker's odyssey, which will be the topic for a special newsletter *to be read by his colleagues* at the Stoke-on-Trent factory, *is part of a sponsored* effort to show shopfloor workers that export salesmanship means more than late-night boozing in five-star hotels.

Walker, aged 54, *is supervisor* of the kiln that turns out ceramic *tableware for hotels* and caterers. A member of the Ceramic and Allied Trades Union he was encouraged by his shop steward to put in for *the travel prize.*

He is one of 20 shopfloor workers who have been selected by Wiliams and Glyn's Bank, and the British Overseas Trade Board, *to act as ambassadors* for their companies and for Britain in export markets.

The bank gives every winning company £1,000 towards the *cost of sending staff to discover* for themselves why quality and delivery matter. The idea, according to Tony Killick of Williams and Glyn's, is that shopfloor workers should "not be frightened to explain to their colleagyes" the lessons learned *from their travels.*

Quite so. Now who will sponsor a scheme for sending export salesmen round the *shopfloor?*

Field day

U.S. stock market analysts may be interested to know the real reason for the downward trend of the Dow Jones Index through the last three weeks of *January.* It was, according to the Maharish International University of Fairfield, Iowa, because *the market* had lost the support of 7,000 practitioners of the "*Maharishi* technology of the unified field" who had been assembled on the Iowa campus.

The university's *head of* psychology, Dr David Orme-Johnson, *is said to have* predicted that the Dow would enter a *rising phase* on December 17, when the "Assembly of the 7,000" began, and start falling after January 6, when the assembly ended.

Where do I get all this rubbish from?—The answer is Hong *Kong, where the Maharishi* technologists of the unified field are publicising a meeting tomorrow at which they plan to announce "the formula to create and perpetuate Utopia—unified-field based ideal civilisation for Hong Kong and the world."

Since tomorrow also happens to be Budget Day in the Crown Colony, many locals will probably consider Utopia to have been perpetuated if the *Financial Secretary* can keep his grasping hands off the price of whisky, that more commonly-used inducer of transcendental states. We shall see.

Turning point

Overheard in Piccadilly: "She's a very clever young woman—she married an old rake and turned him into a lawn mower."

Observer

Letters to the Editor

Increased competitiveness

From the Director-General, Confederation of British Industry

Sir,—Samuel Brittan is wrong when he writes (February 23) that exhortations to UK business to improve competitiveness are based on an economic fallacy.

He claims that improvements in competitiveness only benefit one country at the expense of another and that there is no justification for the UK indulging in such a beggar-my-neighbour pursuit.

In both cases he is incorrect. Unless improved competitiveness is achieved by devaluation, which can be a zero or even a negative sum game, all the measures to achieve such an improvement — reduced unit costs, better quality, better marketing, better after sales service—help the world economy just as firms competing successfully in the home market help the domestic economy. A belief in the benefits of healthy competition is the basis of the free enterprise system.

Mr Brittan says that the Organisation for Economic Co-operation and Development, when formulating common goals for its members, never mentions competitiveness. Yet the latest OECD survey of UK, published this month, draws particular attention to the need for improved competitiveness. It concludes that "the major task is to secure a sustained non-inflationary revival of the economy so as to reduce unemployment through the development of markedly better competitiveness." So, whatever the OECD view about the benefits of improved competitiveness internationally, it is clear that this multi-national body believes that not only is there a case for, but need for, improved UK competitiveness.

This conclusion is backed up by a comparison of UK unit labour costs with those in competitor countries. Mr Brittan argues that it is difficult to make such a comparison because "there is no prior reason for choosing one base year rather than another." But looking at the average of the years from 1953 to 1980 as a base we are still 20 per cent less competitive on unit labour costs today. It is also backed up by the movements in the UK share of world markets for manufactured goods and services. The latest figures show falls in the UK shares in both these sectors from about 15 per cent in the mid-1960s to under 9 per cent. Our relative standard of living has fallen over this period, too.

It is sheer folly to accept a continuation of these trends. If we did, we would eventually face rising taxes or cuts in public services and higher unemployment as North Sea oil production and the Government's oil revenues stopped rising and then fell back. Most of us wish to avoid that fate and the resultant consequences for living standards. It is for this reason that the CBI has put forward a medium-term business strategy to sustain growth with low inflation.

This strategy involves maintaining our struggle to achieve our competitiveness by lower relative unit costs, through pay moderation, rising productivity and cutting taxes on business costs. These should generate the profits which in turn will fund the much needed increases in investment in fixed assets, innovation, marketing and training which are essential to improve our "non-price" competitiveness.

If we can achieve this we shall be able to sustain a rate of growth that is faster than that of our overseas rivals, but more importantly, one that is sufficient to create scope for tax cuts in future budgets and to bring down unemployment.

We cannot afford to wait and face a large fall in the exchange rate. We have used North Sea oil revenues to pay for lower inflation by sustaining the exchange rate and financing the unemployment associated with the initial stages of a counter-inflationary monetary policy. I do not believe that we can accept the inflationary consequences of a return to lax monetary conditions and a sharply falling exchange rate. This might give as a small, and probably temporary, cut in unemployment but the cost, a return to high inflation, would be enormous. So the only solution is to hold down our costs and improve our non-price competitiveness.

We have no choice. If we want higher living standards, lower taxes and lower unemployment, and not to be left with a zero sum at the end of the game, we must improve our competitiveness.

(Sir) Terence Beckett.
103, New Oxford Street, WC1.

North Sea oil and gas costs

From Mr G. Mackay

Sir,—Your article of February 20 implies that the construction costs of North Sea oil and gas are falling. I am not sure if this is the conclusion of the Gaffney Cline study to which you refer or a result of the need to summarise that study, but whichever it is the implication is wrong.

The average costs of developing oil and gas fields in the North Sea (per unit of output or recoverable reserves) continue to rise steadily. For oil fields alone, the following figures (in constant 1984 prices) show the figures since 1980, for both all producing fields in the UK sector and new fields (ie those coming on stream in the year concerned). The 1983 figures are estimates awaiting final expenditure and production data. The expenditure figures cover both capital and operating costs, using a time weighted discount rate over the expected lives of the fields.

Average North Sea oil costs per barrel of output U.S. dollars

	all fields	new fields
1980	$9.05	$12.68
1981	$9.11	$13.04
1982	$9.26	$13.15
1983	$9.34	$13.82

The rising costs for the new fields are mainly explained by their smaller size and more marginal nature. They lend support to the views of Dr Jennings of Shell that there is an urgent need to cut capital and operating costs if new fields are to continue to be developed in the UK sector.

G. A. Mackay.
34 Morningside Grove, Edinburgh, Scotland.

Government by decree

From Professor D. Myddelton

Sir,—If the Inland Revenue has been advised that, under the existing law, building societies' gilt profits should be taxed as trading profits, then what is the legal basis for the Inland Revenue's apparently arbitrary decision that the law should not apply to transactions before February 24 1984?

(Professor) D. R. Myddelton.
Cranfield School of Management, Cranfield Institute of Technology, Cranfield, Bedford.

From Mr J. Line

Sir,—Once again the Treasury and the Inland Revenue are making a mockery of Parliamentary democracy. While welcoming the proposed relaxation of the rules on certain off-shore funds, surely it is our elected members of Parliament that should be making these decisions.

All too often we have Government by decree, a very unsatisfactory state of affairs. Even when MPs are given the opportunity to examine proposed legislation they are rarely given enough time to do the job thoroughly.

J. R. Line,
13 Church Street, Milton Regis, Sittingbourne, Kent.

No stall on Wytch Farm sale

From the Director and General Manager, Exploration Companies, British Gas Corporation

Sir,—British Gas is not stalling on the Wytch Farm sale. As the person responsible within British Gas for negotiating with the Dorset bidding group, I deeply resent that totally unfounded allegation in Dominic Lawson's article of February 24. We are neither resisting nor deliberately delaying the Government's direction. On the contrary we are pressing to conclude a business deal, in a business-like way. It is totally untrue to imply that we are only now seeking guarantees from the bankers of the Dorset bidding group in case any company in the group goes into liquidation. This has been a matter of negotiation for several months now.

(Dr) Harold Hughes.
Rivermill House, 152 Grosvenor Road, SW1.

The position of Leyland

From Mr D. Dale

Sir, — Kenneth Gooding's article (February 21) brings to wider public attention the position of Leyland Vehicles. No purpose is served in reciting the difficulties created by decisions taken years before the Michael Edwardes era began. The only thing that matters is to make the right decisions now—which are going to determine Leyland's future.

Taxpayers and their political representatives can very reasonably feel that they have done enough for this company, but in weighing up the situation they should take into account the following facts. The entire range of vehicles has been completely redesigned in the past seven years or so, and the last step in this process will, as you say, be taken later this year at the smallest and most numerous end of the range when the MT 211 is introduced. The vehicles are now fully up to international standards. The heavy capital expenditure on design and also on production facilities had to be made in a period whose past three years have seen the near collapse of home, European and African markets. European manufacturers have been, and still are, buying their way into the UK market. The Leyland management have during this period faced squarely their many problems. The era of complacency ended years ago.

I believe we should be very ill-advised to allow the last British - owned commercial vehicle manufacturer to be reduced to a size from which it could not recover. An essential volume of business must be sustained during the next, say, three years. Replacing the damaged African market with other exports will take this length of time, so home sales must be substantially increased at once. We have allowed Britain to become a cockpit in which European manufacturers are fighting as for their lives. UK users must provide the seed and our bird must have a blood transfusion if necessary. We can only thus avoid a further sizeable reduction in our manufacturing industry.

D. H. Dale,
97 Hilderstone Road, Meir Heath, Stoke-on-Trent.

Electronics and marketing

From Mr M. Leah

Sir,—The problem of finding suitably qualified people for the electronics industry (February 21) is indeed worrying, but there is one area where I believe the industry could do more to help itself. Specialist engineers, software designers, analysts, etc, do of course need to be experts in their own chosen areas, but one wonders whether the industry is not being excessively restrictive when it comes to sales and marketing staff.

The impression electronics and associated industries frequently give in their recruitment advertising is that they are all competing for the same "systems professionals" and the like, with qualification and experience requirements which, given the rapid growth in these sectors in recent years, cannot be met in the numbers sought by the small pool of individuals who actually match the job specifications. The recruiters have failed in classic fashion to analyse their market properly, a not uncommon problem in more traditional areas of British industry.

Perhaps their companies should be approaching the problem from a different direction, and asking themselves what comes first—the product or the marketing expertise? A marketing professional would say the latter, and if he were any good at all, he would respond positively to intensive product training, which would give him sufficient specialist knowledge to allow him to effectively pursue new business, which is what he is there for. He would never be a software engineer, systems analyst or whatever, but that is not the point of the exercise. And would such specialists not be better employed filling the skill shortages within their own specialisms?

M. J. Leah.
7 Conrad Close, Rugby, Warwicks.

Video recorders and the levy

From Mr A. Newman

Sir,—John Chittock in "Video recorder makers are down on the levy" (February 21) makes the point that vested commercial interests in video would go out of business if the sources of moving pictures dried up. And he adds that Lord Wilson, David Puttnam and others favour "a voluntary levy; from the industry, for the good of the industry," pointing out that it "should satisfy the moral issues and plough some money back where it belongs."

That suggestion—apparently for a levy on the sale or rental of pre-recorded video features—makes very good sense. It would be a fair tax in that the only people expected to subsidise the film industry by paying it, would be those who chose to enjoy the products of the film industry. In that respect it would be a natural extension of the soon-to-be scrapped Eady Levy, introduced as a tax on cinema entrance tickets to help fund production and training within the industry. It is a much fairer proposal than the rough justice of a blanket levy on all sales of blank recording tape. That would mean that people not at all interested in films would none the less be forced to subsidise them if they wanted to use recording tape.

With reference to Jason Crisp's article "Entertainment industry in spin on home taping of programmes" (February 22), I should be grateful for the opportunity to add some important points to those published in respect of the case against levies.

Levies would increase copyright holders' problems by providing more profit for criminals and a greater incentive to consumers to buy the cheap illegal alternative to the prohibitively expensive legitimate product. Remember, the levies proposed would double the cost of recording tape.

Much home-taping, though technically unlawful is morally innocent and actually helps record sales. For example, people who tape legally acquired records to preserve their quality or hear them on their car-audio systems or personal stereo should be allowed in law to do so. Also, home-taping of discs, which people like but not enough to buy, increases public awareness of artistes and their work, thereby increasing the scope for a smash hit when the music industry gets its product right. In this context it is worth noting that current record sales can be vast—at a time when home-taping is supposed to be bringing the record industry to its knees.

It should be known by all who profess interest in the tape levy issue that the report by the International Federation of Phonogram and Videogram Producers (IFPI) on home-taping—prepared for the European Commission—is, as admitted in the text, biased in favour of levies. In short, the report states that its purpose is to prove the case for levies. But, of course, the IFPI was set up by the very people who would profit from levies.

Alastair Newman,
for the Tape Manufacturers' Group,
Marcom Public Relations (UK), 39-41, New Broad Street, EC2.

Academics and industry

From Anne Lodge

Sir,—Mr D. Goch's comments on "Academics and industry" (February 21) appear to be confirmed by the advertisement (February 16) for the chair in manufacturing policy and strategy at the University of Warwick. The successful applicant is required to have "some industrial/commercial experience" but a "sound publication record" *is deemed to be most* important.

How many people who have had experience of formulating and implementing manufacturing policy and strategy at senior management or director level will have had the opportunity to establish a "sound publication record?" The University of Warwick's advertisement seems to be aimed at the person who has had limited industrial experience, probably at a junior level, and has then retreated to "seek for truth in the groves of Academe" by research and publication.

Anne Lodge
c/o Cumberhills House, New Road, Burton Lazars, Melton Mowbray, Leicestershire.

Are enterprise zones needed?

From the Managing Director, Gravells

Sir,—I have read with interest the article by Peter Hall on UK enterprise zones (February 22).

While I agree that Mrs Thatcher's Government is attempting to alleviate the unemployment problem by the creating of enterprise zones, the figure of £20,000 per job in zones frightens me. The truth is as Mr Hall says—"Many people have moved into the enterprise zones to cut down costs."

In writing, I feel I must query the "courting of Nissan" to set up a plant in the UK. What is the cost per job going to be this time, as yet Nissan to my knowledge has not given the full facts and this latest estimate of jobs created are way below its originals.

I ask the questions: "Do we need Nissan?" "Do we need enterprise zones?"

D. E. Gravell,
3-5 Bane Pendre, Kidwelly, Dyfed.

Foreign Affairs: Defence

A trio plays out of tune

By Ian Davidson

IN MATTERS of defence, the French really are very different from the rest of us. In West Germany, the controversy over the deployment of new cruise and Pershing II missiles has shattered the 20-year consensus between the three main political parties over defence policy. In Britain, the long - standing theoretical split between the Labour and Conservative parties over nuclear weapons has become actual, and is being spiced with the most diverse proposals from former professionals of the defence establishment for ways to modify, or revolutionise, Britain's defence posture.

Jacques Chirac (above): the Gaullist's leader; Gen Bernard Rogers (below): strategy holds key

To take France first. What is interesting about the rare unanimity which prevails in Paris is that it is very different from the unanimity which prevailed until only a couple of years ago. Then, the political establishment, from far left to far right, was united round the *principles laid down by General* de Gaulle: complete independence from military entanglements with the rest of the Atlantic Alliance, absolute priority for the nuclear *force de frappe*, with the conventional forces mainly consigned to the defence of French national territory.

Today, there is a new consensus, stretching at least from the socialists on the left to the Gaullists on the right. Ostensibly, the *force de frappe* remains top priority, but the new principles are that France must prepare its conventional forces to take part in a forward defence of Europe, in Germany, and, as a corollary, that France must step up its defence collaboration, inside the Alliance, with its European partners, and especially with Germany.

The breakdown of the defence consensus in Germany has been much dramatised, and is occasionally denounced in the most searing terms by hawks in the American defence establishment. But it is possible that the drama and the denunciations have been overdone. The Social Democrat Party is embarking on a prolonged rethink of its views of defence policy, but some Conservative analysts believe that, at the end of the day, it is likely to end up with a posture not spectacularly different from the conventional wisdom.

"Conventional" is, of course, the operative word. It is increasingly widely accepted throughout the Alliance that, in the interests of stability and controllability, Nato needs to reduce its dependence on nuclear weapons by strengthening its conventional defences, and this is one of the central themes of the current SPD debate.

In a speech at the recent International Wehrkunde meeting in Munich, Dr Horst Ehmke, deputy leader of the SPD in the Bundestag, argued that his party's debate was essential if the political system was to rebuild the degree of popular support needed to sustain any defence policy.

Some of the recipes he aired were controversial: a nuclear weapons-free zone in central Europe, or even the adoption of a policy of minimal deterrence in place of the over-kill brought about by the obsessive counting and matching of opposing weapons systems. But others were entirely within the new mainstream of the evolving debate: a strengthening of conventional forces, greater Franco-German co-operation in the defence field, and a more united European voice within the Alliance *vis-a-vis* the U.S.

In Britain, by contrast, defence is not being debated seriously by the Labour Party, which has saddled itself with a posture of unilateral disarmament, nor formally by the Conservative Party. Yet a defence debate is *nevertheless getting* into full swing, and is being conducted mainly by strategists and retired generals. If 1982-83 were the years of anti-nuclear propaganda, to judge by the flood of books and pamphlets, 1984 looks like being the year of defence controversy. Two of the most recent contributions are "Diminishing the Nuclear Threat," a group effort under the leadership of Lord Cameron, a former chief of the defence staff, and "Alternative Approaches to British Defence Policy," a series of essays offering widely divergent and sometimes eccentric proposals.

Lord Cameron's group starts from the proposition that Nato's present reliance on the "flexible" use of nuclear weapons is dangerous nonsense, on the grounds that controlled escalation would in war conditions prove impracticable. It goes on to argue that Nato can and must provide itself with a safer and more reliable deterrent against attack, by the adoption of high-technology conventional weapons. So far so good; this is entirely consistent with the emerging conventional wisdom.

But the interesting question is this: supposing we could *make this conventional nuclear* switch, what strategy should we pursue? General Bernard Rogers, Supreme Allied Commander, *advocates striking* at the rear echelons of an attacking army; others would give top priority to halting the front echelon; Lord Cameron's group favours abandoning the policy of extreme forward defence and substituting a strategy of defence in depth, with the ability to counter-attack.

This is the heart of the problem. The consensus that used to exist in Germany was based on the idea that, if Germany *was to avoid being destroyed* in a conventional war, the defence posture must be designed to maximise the probability of nuclear war. One can still hear otherwise rational Germans argue that a conventional war would be as bad as a nuclear war—a proposition which is manifestly absurd. If there were to be a shift in the conventional-nuclear balance, the Germans will have to *confront the question of defence* in depth.

What is interesting about "Alternative Approaches" is that it contains contributions from three former Chiefs of the Defence Staff, and none of them agreed. Lord Carver, a soldier, says Britain should abandon its nuclear weapons and concentrate on helping Nato improve its conventional capability. Lord Cameron, an airman, says Britain should keep its nuclear deterrent. Lord Hill-Norton, a sailor, says Britain should reduce its forces in Europe and *build up its naval capability* for an independent world role.

If we leave aside Lord Hill-Norton's romanticism, the *essence of the debate is that* between the soldier and the airman. If one assumes that the U.S. will for ever remain committed at every level *to Europe's* defence, there is plausibility in Lord Carver's argument that Britain's nuclear force is both *wasteful and redundant*. Lord Cameron believes the assumption is absurd; and the Government claims that Trident would be more valuable than two extra armoured divisions, which is all we would get by saving the money.

Yet there are two unanswered questions. If the U.S. ever did leave Europe, would or should a British government be prepared to press the nuclear button on its own? Second, given that there is to be no real increase in Britain's defence spending after 1986, where shall we find the money for more conventional forces? Suppose the purchase of Trident leads to a *reduction* in British forces of two divisions?

Diminishing the Nuclear Threat, British Atlantic Committee, £1; Alternative Approaches to British Defence Policy: ed Baylis, Macmillan, £20.

FINANCIAL TIMES

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EMBATTLED LEBANESE PRESIDENT ATTEMPTS TO STRENGTHEN BARGAINING POSITION

Gemayel set to end Israel pact

BY PATRICK COCKBURN IN BEIRUT

MR AMIN Gemayel, the Lebanese President, yesterday appeared ready to abrogate the May 17 agreement between his Government and Israel on the withdrawal of foreign forces from Lebanon. The pact is "a corpse in the morgue awaiting burial," Mr Gemayel was quoted as saying by Mr Suleiman Franjieh, a former president.

President Gemayel obviously wants to extract the best terms possible from Syria and his mainly Moslem opponents in Lebanon who have demanded an end to the agreement before any new peace initiative is pursued. But he now controls less than a fifth of Lebanese territory and a third of the capital and is in a poor position to bargain.

The agreement is still regarded as very significant, despite having remained a dead letter, because it is a symbol of the alliance between the Gemayel regime and its U.S. and Israeli allies. Syria wants to rule out this option in future.

The pact was negotiated last year by Mr George Shultz, the U.S. Secretary of State, without consulting Syria. President Gemayel believed at the time that the U.S. would compel Syria to withdraw its troops from the north and east of Lebanon.

Mr Gemayel's remaining cards are the abrogation of the May 17 agreement and the legitimacy of his own office, but both are of diminishing value as opposition forces increase their military superiority. On the otherhand, opposition leaders now seem more restrained in their demands for the President's resignation, presumably giving priority to abrogation of the agreement with Israel. Syria also seems happy for President Gemayel to retain his post.

President Gemayel has also been told by the Phalange Party, which dominates the politics of the country's Christian community, that it will support him in whatever decision he takes. The party is headed by Mr Pierre Gemayel, the President's father.

The Christian community would prefer an alliance with the U.S. or Israel rather than be forced to come to terms with Syria and the Lebanese Moslem communities, but neither Washington nor Jerusalem is prepared to give President Gemayel support to the extent he needs.

Nevertheless, some Christian leaders have come out strongly against abrogation, including Mr Camille Chamoun, another former president, Mr Fadi Frem, the militia leader, and Father Boulos Naaman, who heads the powerful Maronite monastic order. Together, the three could form a hardline Christian alliance opposed to the President but they do not appear to have developed an alternative policy to Mr Gemayel's.

Intermittent fighting continues in Beirut, but the clashes appear to be less severe than over the weekend. In Israeli-occupied Lebanon, south of the Awali river, two Israeli soldiers were wounded in a grenade attack in the city of Sidon which has been the scene of numerous guerrilla attacks over the past six months.

Our Middle East staff writes: King Hussein of Jordan and Mr Yassir Arafat, chairman of the Palestine Liberation Organisation (PLO) held a second round of talks in Amman yesterday on possible co-operation in the search for a Middle East peace formula.

King Hussein is believed to be determined to secure a clear policy statement from Mr Arafat, following last April's rejection by the PLO of a joint negotiating stance based on proposals set out by President Reagan.

Should Mr Arafat again decline King Hussein's offer, *there is a possibility* that the monarch will seek to use the newly reconstituted Jordanian parliament as a vehicle for talks with Israel.

THE MAY 17 agreement provides for Israeli withdrawal from Lebanon in exchange for a termination of the state of war between the two countries – and an undertaking by Lebanon to prevent its territory being used for attacks against Israel.

It was based on the existence of a strong Beirut Government, but the weakness of the Gemayel regime made its implementation impossible. In addition to the termination of the state of war and Israel's total withdrawal, the main provisions of the agreement are:

- **An undertaking to respect each other's sovereignty, political independence and territorial integrity and to consider their existing international frontier as inviolable.**
- **The implementation of security arrangements, including the creation of a security region in southern Lebanon to a depth of 40 km–50 km from the frontier, designed to prevent attacks on Israel.**
- **The establishment of a joint liaison committee to develop mutual relations, including regulating the movement of goods and people, also communications.**

Basque poll fails to bring stability

By David White in Madrid

A NEW element of uncertainty has been added to the political problems of the Spanish Basque country as a result of the failure of the Basque Nationalist Party (PNV) to secure a margin of control in the region's parliament on Sunday.

The PNV, although obtaining a record poll of over 450,000 votes, has lost the narrow majority it had *enjoyed for the last four years. With* the extreme nationalist party, Herri Batasuna, still refusing to take up its 11 seats in what it sees as a sham parliament, the PNV has exactly half of the remaining seats in the expanded 75-member house.

The search for a better understanding between the Basque Government in Vitoria and the central Socialist Government in Madrid has now been superseded by a more urgent problem – the search for a formula to ensure stable government in the Basque country.

Sr Carlos Garaikoetxea, who is expected to go for another term as the Basque President, initially ruled out any coalition pact with the Socialists, who, with 19 seats, will now be the main opposition in the Basque parliament.

This leaves the PNV with only two potential partners in the new parliament – the main Spanish right-wing group headed by Alianza Popular, and Euskadiko Ezkerra, a left-wing Basque party which includes former members of the Communist Party and of the Eta guerrilla organisation.

Both present major difficulties, since the *PNV's* blend of conservatism and strong Basque nationalism is not a combination shared by any other party. However, its most likely source of support appeared yesterday to be the right, which might agree to ease the way for the formation of a new PNV government.

A further complication arises from internal PNV divisions which may resurface in the next few weeks, when the party has to find a substitute for its leader, Sr Xabier Arzalluz.

Despite the Socialist Party's gains on Sunday – with its vote almost doubling from the 130,000 it won in the first Basque election four years ago – the combined nationalist parties still won almost two thirds of the seats.

The resilience of the self-government lobby is underlined by the 157,000 votes that went to Herri Batasuna, indicating a solid bedrock of opinion that wants more extensive autonomy and is prepared to go along with Eta's terror campaign. Although it won a smaller share of the seats, its proportion of *votes cast was close to 15 per cent* – its highest score since winning 16 per cent in 1980.

In Guipuzcoa province, where Sr Enrique Casas, a Socialist senator, was assassinated three days before the election, Herri Batasuna was overtaken by the Socialist Party, but nevertheless did better than in *1980*, with almost *19* per cent

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THE LEX COLUMN

Bell wringing at Broken Hill

The biggest company in Australia has been made to look rather less than omnipotent in the last seven days. The thwarted tender for 16m shares of Broken Hill Proprietary (BHP) masterminded by Mr Holmes à Court, for it is he, would have left his Bell Resources holding 7 per *cent of the Big Australian, on* a par, as it happens, with Mr Murdoch's current stake in Warner Communications. The two gentlemen concerned have been made to feel about equally welcome; but BHP's success yesterday in the Australian courts is not in the same league as Warner's blazing counter-attack – and seems unlikely to do more than win BHP a brief reprieve from Bell's attentions.

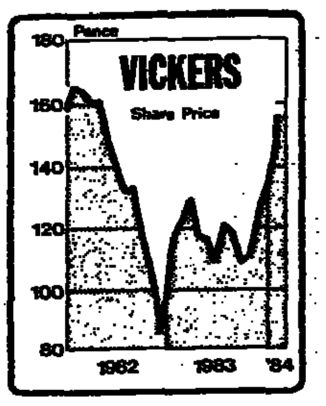
There was nothing unreasonable about BHP's case that Bell should have presented a prospectus with its tender. Bell's finances grow more complicated with every passing deal.

Legal objections of this kind, though, do not add up to a very convincing riposte for a company of BHP's size, nor was last week's 1-for-5 *bonus issue exactly the hall*mark of an inspired defence. Given its strong performance in the six months to last November, it might have been better for BHP to address itself to criticisms of its own immediate growth strategy than to attack that of its troublesome antagonist.

It could expect an attentive audience on this score. There are plenty of questions surrounding the group's major activities. BHP has *achieved a turnround in its steel di*vision, for example, but this year's profitability must be set against forecasts of neutral or negative cash flow for years to come. Huge oil and gas earnings in 1983-84, meanwhile, could prove an inconvenient background for any public debate over a Resource Rent Tax next *year. Above all BHP's strategy in* pouring so much cash into coking coal operations both at home and overseas continues to draw some trenchant criticism.

The 8m or so BHP shares apparently already tendered to Bell in this latest bid do not necessarily represent a vote of no confidence on these issues. It seems far more likely that they reflect a remarkable degree of confidence in Mr Holmes à Court. Those who tendered 800,000 shares to him last autumn, after all, now own paper worth A$20.8 last night against A$13.35 on the shares they lost. But that distinction begins to look specious insofar as the financier's supporters believe his arrival in the BHP boardroom could *significantly increase* the current meagre returns on BHP's enormous asset base.

Success for Mr Holmes à Court this week would greatly have furthered his own ambitions in this direction, giving Bell in the process the 31st largest market capitalisation in Australia and effecting a useful refinancing to leave its debt around 40 per cent of about A$330m (U.S.$311m) of equity. As the logic of these tactics grows more apparent, BHP could have increasing cause for real concern.



Vickers

For some strange reason the analysts were all looking the wrong way as Vickers wheeled out its preliminary statement yesterday. When expectations of a 15 per cent fall were confounded by pre-tax profits roughly maintained at £19.5m, the share price promptly responded with a 12p jump to 157p.

The shares have now recovered the ground lost since the controversial rights issue of early 1982, which must be a reassurance of sorts to the management. Yet their rehabilitation owes far more to the straightening out of the balance sheet and to the prospect of a profits bounce than it does to actual performance. Even in nominal terms, profits are 50 per cent below those reported in the peak year of 1978.

The company can produce valid enough reasons for its failure to participate in the industrial profits recovery of the past two years but, in the eyes of the market, they are by now wearing a little thin. In *1982, Rolls-Royce cars was hit by* the stock financing consequences of over-production. Last year, by contrast, a strike meant that production was insufficient to meet demand.

This year, in theory, everything should come right. Vickers stands to benefit from both the recovery in its depressed businesses – notably cars – and the expansion in demand which is already showing up elsewhere. Net debt has fallen to 37 per cent of shareholders' funds, before credit is taken for the sale of the diesel division, and should be well down again this year as disposal proceeds of perhaps *£40m* feed through.

It is not difficult to construct a forecast of over £30m pre-tax for this year which, on the group's light tax charge, produces an undemanding multiple of below seven times. Yet, given Vickers' accident-prone record and lack of proper cover for its dividend, the market is understandably erring on the side of caution.

Public accounting

The accounts of Whitehall & Westminster (Hldgs) have never met the standards of disclosure of intelligibility which are commonly required of major enterprises. Failure to publish a meaningful balance sheet since 1980, when the figures related to the Government's assets and liabilities as at December 1975, is not really excused by the cost of preparing such a document. As the Institute for Fiscal Studies makes *perfectly clear*, the users of public-sector accounts could take a far clearer view of their subject if the established confusing presentation were swept away, to be replaced by a balance sheet and funds-flow statement, on normal corporate lines.

As they stand, the public accounts are full of unusual ways to treat inherently uncomplicated matters. The Public Sector Borrowing Requirement (PSBR), as is well known, is a jumble of current and capital items: offsetting asset sales against the need to fund current expenditure is only the most glaring instance. There is also a habit of *setting income off against expenditure* (of public corporations) which would be deplored by company auditors.

To eliminate existing methods of obfuscation by changing the accounting structure might be easy enough. Yet company balance sheets can only be read in conjunction with the relevant accounting policies – and at this point the old practices would no doubt reassert themselves.

Vredeling 'threat to investment in EEC'

By Alan Pike in London

JAPANESE and U.S. investment in Europe could be curtailed by EEC attempts to strengthen employee participation in company affairs, Britain's Institute of Directors warned the UK Government yesterday.

The group, which tends to be more conservative than the larger Confederation of British Industry (CBI), said that the Vredeling participation proposals and the Fifth Company Law directive would act as a disincentive to overseas investment in the EEC.

Although the Keidanren, the Japanese employers federation, was known for its support of employee participation it had warned that the Vredeling proposals could restrict the growth of Japanese investment in Europe. The U.S. council of the International Chamber of Commerce had also declared that the plan would cause immeasurable harm to business competitiveness, industrial relations, international law and internal trade.

The institute's warning is contained in its detailed response to the British Government's consultative exercise on the EEC proposals which is now in progress.

With a single exception, says the institute, a recent survey of IOD members showed total hostility to the legislative approach. Companies had the impression that the proposals were an uneasy compromise between the schemes which existed in some European countries. No proper account had been taken of the way business was conducted in the UK, where the emphasis is on a voluntary approach.

"While sharing the Government's commitment to voluntary consultation and exchange of information in the workplace we remain implacably opposed to legislation in this *area," the institute said.*

In addition to its fears about discouraging investment in the EEC, the institute listed a series of other objections to arrangements for compulsory employee involvements.

The rights and ability of managements to take decisions would be fundamentally affected and delayed by the proposals, the institute said. Confidentiality of organisations' affairs would be put at risk,

"Far from helping the growth of genuine employee involvement the directive will impose formal and inflexible requirements on companies, *many of which have their own* successful but different schemes."

France calls for West German arms restrictions to be relaxed

BY DAVID HOUSEGO IN PARIS

FRANCE has proposed that the remaining restrictions on the manufacture by West Germany of conventional weapons should be lifted.

Their removal would allow West Germany to produce certain types of long-range guided missiles and fighter-bombers from which it is currently excluded.

The French proposals were made to the permanent council of the Western European Union (WEU) recently and are due to be discussed again today. The restrictions, which have been gradually relaxed over the years, were incorporated into the 1954 Treaty, which admitted West Germany to the WEU. The other signatories were France, Italy, Britain and the Benelux countries.

All the member states are believed to favour lifting the restrictions, which have increasingly been seen as anomalies dating from the post-war period. West Germany has objected to them as discriminatory.

Their removal now is seen also as a step towards further joint European collaboration over weapons development *in an attempt to* make good part of the high-technology gap with the U.S. France and West Germany in particular have agreed to step up their bilateral collaboration.

Approval for lifting the restrictions might be given at a ministerial conference to mark the thirtieth anniversary of the *WEU* this autumn. But it has not yet been decided whether that should be attended by foreign or defence ministers.

The French Government believes the meeting should bring together defence ministers, because it is keen to revive the WEU as a forum without the participation of the U.S. Although other European governments agree on the need for closer European collaboration over defence and security issues, they doubt whether the *WEU* is the most suitable place. As a gathering of parliamentarians, it is distant from executive decisions on defence.

The French interest in the WEU stems from their not being members of the Euro-group of defence ministers within Nato – the main European co-ordinatory body on defence within the alliance. France does not take part in that group because it is not a member of the Nato integrated command.

Franco-German defence understanding, Page 2

Hanson seeks bid extension

BY RAY MAUGHAN IN LONDON

HANSON TRUST, the British industrial holding company, wants London's Takeover Panel to extend the period of Hanson's contested £247m ($363m) bid for London Brick before the official close today.

A full meeting of the panel will be held this morning to decide whether Lazard Bros, the merchant bank advising London Brick, created a false market in its client's shares, as Hanson contends, by making heavy purchases in the stock market last Friday.

Lazard Bros disclosed yesterday that it had aquired 375,000 shares in London Brick at the end of last week *at prices up to 168p a share.* That compares with Hanson's cash offer terms of 165p and its nominal loan stock alternative of 175p a share.

That purchase caused a flurry of stock market speculation last week, and rumours abounded that either Charter Consolidated or Rio-Tinto Zinc, two mining finance houses with extensive interests in the UK building materials market, were about to launch a bid at the eleventh hour.

Both RTZ and Charter were quick to deny any interest in London Brick but N. M. Rothschild, acting for Hanson, claimed yesterday that "the weekend press drew inferences, now proved to be wholly incorrect, that the rise in the price of London Brick was caused by the arrival on the scene of a prospective 'white knight.'"

Hanson and Rothschild took "the most serious view of the effect of these purchases" which, they alleged, breached General Principle 5 of the City Code, which warns of the effect of creating a false market in shares on either side of a takeover bid.

The plaintiffs contended that *small shareholders had delayed ac*cepting the bid because of the bogus possibility of a counter-offer and therefore missed the last posting date for acceptances.

Lazards agreed that it had used Rowe & Pitman, the broking firm closely connected with the mining finance sector, to buy the shares rather than London Brick's usual broker, but the merchant bank emphasised that it had never broached the possibility of talks with a "white knight."

It appears that the panel executive has ruled in London Brick's favour but a full meeting of the panel will nevertheless be convened this morning.

CIT seeks European collaboration

Continued from Page 1

possible sale in Italy of the French company's digital telephone exchanges, bring CIT-Alcatel into competition with IBM, whose discussions with the Italians are also advanced.

IBM is trying to gain a presence in Italy, where American Telephone and Telegraph (AT&T), its arch rival in world information technology has acquired a large stake in Olivetti.

CIT-Alcatel regards its British collaboration plans as particularly *promising. The talks with GEC and* Plessey started at the end of last year as part of Franco-British efforts to explore the liberalisation of each country's telecommunications market.

If the negotiations are fruitful a Franco-British alliance in public telephone switching equipment might be set up. This could challenge the telecommunications grouping between AT&T and Philips of the Netherlands.

*Other selective European alli*ances under negotiation by CIT-Alcatel include a deal with Philips and Siemens of West Germany on collaboration in the planned Franco-German radio telephone network. CIT-Alcatel is also discussing with Philips co-operation in microwave systems, involving the French Thomson Communications Group which is being absorbed in France's overall telecommunications restructuring.

This deal is expected to lead to a link with AT&T, but CIT-Alcatel rules out any question of a global link with the U.S. giant

Gulf tries to fend off Pickens

Continued from Page 1

that it "is not having, and will not have, discussions with oil companies or others that would involve the sale of Gulf."

However, less than a fortnight later, following its failure to block the activities of the Pickens group in the courts and the start of the tender offer, Gulf's board appears to have changed its position considerably and, according to one of its lawyers, is considering taking defensive steps which could lead to the end of Gulf as an independent competitor in the oil business.

After an emergency seven-hour board meeting last Friday and "considerable discussion," Gulf's board decided that it was in the best interests of the company and its shareholders if the company and its advisers explored various options for the company's future. These included a merger or combination involving the company or one or more of its principal product groups, a leveraged buyout of the company, the sale of equity or other securities of the company, the acquisition by the company or others of shares by tender offer or otherwise, and the acquisition by the company of all or *part of the business of another com*pany.

Wall Street observers of the Gulf/Pickens battle over the last eight months believe that Gulf will be forced to do something before the March 21 closing date for the Pickens tender offer. While the offer is limited in *scope*, it could attract more than half of Gulf's outstanding 165m shares.

The Pickens group reserves the right to increase the number of shares it will buy, and if there is a substantial response, Mr Pickens and his fellow investors are unlike*ly to find much difficulty raising the* extra finance.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	11	52	Dubrovnik	F	13	55	Malaga	R	11	52	Salzburg	F	4	39
Akrotiri	S	18	64	Faro	F	13	55	Malta	S	17	63	Seoul	C	-1	30
Algiers	C	17	63	Florence	C	10	50	Manila	C	34	93	Singapore	C	30	86
Amsterdam	C	3	37	Frankfurt	Sn	1	34	Miami	S	25	77	Stockholm	C	-1	30
Athens	S	13	55	Funchal	—	—	—	Milan	C	5	41	Strasbourg	Sn	0	32
Bahrain	C	22	72	Geneva	F	5	41	Moscow	S	-3	27	Sydney	C	27	81
Bangkok	C	33	91	Gibraltar	R	14	57	Munich	C	2	36	Taipei	C	14	57
Barcelona	C	10	50	Guernsey	Sn	4	39	Nairobi	—	—	—	Tangier	—	—	—
Beirut	S	17	63	Helsinki	F	-3	27	Naples	C	13	55	Tehran	—	—	—
Belgrade	S	5	41	H. Kong	C	16	61	New Delhi	C	22	72	Tel Aviv	S	20	68
Berlin	C	4	39	Innsbruck	F	3	37	New York	S	2	36	Tenerife	C	20	68
Biarritz	S	9	48	Inverness	C	6	43	Nice	S	10	50	Tokyo	C	9	48
Blackpool	C	5	41	Istanbul	S	8	46	Oporto	S	12	54	Toronto	C	-2	28
Bordeaux	C	6	43	Jersey	C	4	39	Oslo	C	-3	27	Tunis	—	—	—
Brussels	R	2	36	Jo'burg	C	27	81	Paris	Sl	2	36	Valencia	R	7	45
Budapest	C	4	39	Las Palmas	F	22	72	Prague	C	2	36	Venice	S	9	48
B. Aires	S	26	79	Lima	C	26	79	Reykjavik	Sn	-3	27	Vienna	S	4	39
Cairo	C	23	73	Lisbon	C	12	54	Rio de J'o	C	41	106	Warsaw	S	1	34
Cape Town	—	—	—	Locarno	R	4	39	Rome	F	12	54	Zurich	Sn	1	34
Caracas	C	29	84	London	C	5	41								
Casablanca	S	16	61	Los Angeles	S	18	64								
Copenhagen	C	4	39	Luxembourg	Sn	0	32								
Corfu	C	14	57	Madrid	D	5	41								
Dublin	C	4	39	Majorca	C	12	54								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

UK unions in protest

Continued from Page 1

view is that the timing is absurdly short. The result of that is that where action is taken, it will be of a protest nature only.

"What we will not see is nationwide all-out industrial action."

Widespread support is expected among civil servants for a half-day strike in the afternoon, but only limited action in the health service and in local government. Teachers' unions are not recommending strikes.

In industry, half-day strikes are being urged at Vauxhall, but action in other companies is expected to be limited. Engineering employers expect response to be patchy. In mining, most miners are preoccupied with their own problems, although South Wales union leaders meet this morning to decide on action.

Disruption is expected to ferries, docks, buses and trains – but action in these last two sectors, crucial to other industries, will vary greatly around the country. Airlines are expected to work normally.

The Institute of Directors claimed the day of protest would be a flop. Sir Terence Beckett, director general of the Confederation of British Industry, called on workers to disregard the call for strikes.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday February 28 1984

Lurgi to streamline operations in wake of shrinking orders

BY JOHN DAVIES IN FRANKFURT

LURGI, the West German engineering concern, is streamlining its organisation in the wake of shrinking orders and tougher competition in world markets.

Lurgi, a subsidiary of Metallgesellschaft, the metals group, is concentrating its four specialist units into a single company.

The move is a symptom of the drastic falling off in major process plant orders and development projects in the past few years, as a result of international financial problems.

Dr Dietrich Ertl, who will become Lurgi's chief executive on March 1, said that concentrating company's activities would enable it to deal with orders in a co-ordinated and flexible way.

He said there was also a shift in the nature of projects available, with fewer petrochemical and steel projects, with greater prospects in environmental protection and energy.

Lurgi, in co-operation with Uhde, the Hoechst chemical group subsidiary, hoped to work on the major nuclear fuel reprocessing project being considered in West Germany, Dr Ertl said. However, Kraftwerk Union (KWU), the power station subsidiary of Siemens, the electrical concern, has also expressed interest in this nuclear project.

Dr Ertl said Lurgi would reduce its 5,200 employees by about 300 or 500 during the next few years. But there would be no redundancies and young engineers would continue to be taken on.

Dr Ertl is taking over from Dr Dietrich Natus, who is to become chief executive of Metallgesellschaft on the retirement of Herr Karl Gustav Ratjen. Dr Natus said recently that Lurgi made a profit in the financial year to September 30, 1983, but aimed at a slimmed-down structure, with lower sales revenue, in the hope of remaining profitable.

Metallgesellschaft has not paid a dividend for two years in succession, although it has said that it considerably improved its operating earnings in the past financial year.

Dr Ertl said there was no question of Lurgi following in the footsteps of Karl Schmidt, Metallgesellschaft's motor components subsidiary, and being hived off with a separate stock market listing.

Offshore activities improve Wilhelmsen

By Fay Gjester in Oslo

WILH. WILHELMSEN, Norway's largest shipping group, increased operating profits last year to NKr 730m ($96.5m), from NKr 630m in 1982, despite a small decline in gross freight earnings to NKr 4.4bn, from NKr 4.62bn, according to preliminary figures published by the group. Earnings from offshore-related activities accounted for 80 per cent of the operating profit.

Profits after depreciation and other charges also rose – to NKr 195m, from NKr 155m. The improvement reflected higher profits from ship sales (NKr 87m compared with NKr 32m) and lower depreciation (NKr 185m against NKr 215m).

Mr Wilhelm Wilhelmsen said the group was not satisfied with the results, which represented a return of only between 10 and 12 per cent on total investment capital. Offshore activities had "kept us afloat" during a year when the liner trade had been exceptionally depressed.

However, there were signs of an upturn in the liner sector, following the revival of world trade. Stable oil prices – "an important, positive factor" – would help that trend.

In 1983, Wilhelmsen's re-entered the tanker business. It ordered a 70,000-dwt product tanker from Sweden and two 305,000-dwt ore/oil carriers from the Brazilian Docenave yard. The latter contract includes options for additional sister vessels; the group will decide during the next couple of months whether it will exercise the options. Mr Ivar Løvald, managing director, thought it was unlikely.

In the offshore sector, all seven WW rigs are currently employed, at "satisfactory" rates, some of them on long-term charters. A five-year charter has been secured, from Norsk Hydro, for a heavy-duty Arctic drilling rig, which Wilhelmsen, jointly with Sonat of the U.S., has ordered from a Japanese yard. The group's supply vessel fleet is also performing well and in general it believes that the outlook for its offshore related activities is good.

Paul Betts in Paris looks at France's most successful oil exploration company

Esso's rural find offsets refining loss

THE ANCIENT hamlet of Champeaux, about 50 miles south of Paris surrounded by fields of barley, corn and beetroot, has become known locally as Dallas-en-Brie. Since the French subsidiary of the giant U.S. Exxon group, the world's largest oil company, discovered oil here, there has been a mini-oil rush in the countryside outside Paris.

Esso, the 81.5 per cent-owned French subsidiary of Exxon, struck oil in the so-called Chaunoy oilfield near Champeaux last year. Since then, Esso stock has been one of the high fliers on the Paris bourse and has led the recent French bull market.

At the beginning of last year, Esso was trading at a low of around FFr 165 a share. In recent weeks, after climbing steadily all last year, the Esso stock has traded above FFr 600 a share.

Other major oil companies are now scrambling to apply for new exploration permits in what the oil business calls the Paris basin. For although the amounts of oil discovered by Esso are modest by international standards, the Paris-basin crude, at 37 degrees API, is lighter and sweeter than Arabian light with no water and no sulphur, is close to the Elf-Aquitaine refinery of Nangis, and is relatively cheap to produce.

It is the sort of oil which brings in high returns and on which small independent producers in Texas and Louisiana make fortunes.

Esso has been the most successful oil-finding company in France. It made a big strike in 1954 when it discovered the Parentis oilfield in the Bordeaux region. This field, France's largest, has produced about 170m barrels of oil to date. But it is in decline, and Esso has been striving to find new reserves to maintain its domestic production at around 20,000 barrels a day.

The company was attracted to the Paris basin, an old if small oil producer, and the first discoveries were made in the late 1950s.

These involved shallow fields which at their peak produced little more than 10,000 b/d. But production has now declined to about 5,000 b/d.

Esso's latest exploration campaign in the Paris basin began seven years ago. The company now plans to spend nearly FFr 500m to develop the Chaunoy discovery made last May. M Michel Kopff, the president of Esso's French subsidiary, says Chaunoy should produce 4,000 b/d this year and more than 5,000 b/d next year.

This is a mere drop compared to Exxon's 2m b/d output (excluding what the giant oil group lifts from its Saudi Arabian Aramco association), but as one Esso official remarked: "Every little drop counts."

Indeed, Esso's interest in developing small fields contrasts with the prevailing preoccupation of the French domestic oil companies, Total and Elf-Aquitaine, to search for giant fields in remote parts of the world. But these companies are also now turning their attention to the Paris basin. Total is in partnership with the Anglo-American Triton group and plans to start exploratory drilling shortly on a permit bordering the Chaunoy discovery.

"Although the barrel numbers are small, the return can be pretty good," an Esso official said. Although Esso declines to give potential recoverable reserve figures for Chaunoy, the field should produce for about 10 years.

At a rate of 5,000 or more barrels a day, the field could have reserves of around 20m to 21m barrels of recoverable oil. "At a conservative estimate, Esso could make between $300m to $500m out of Chaunoy during the life of the field," a Paris-based oil-industry analyst calculates.

The high quality of the crude, the easy access to a refinery and to the market, the low costs of drilling a well (about $1m a well), all contribute to make this modest Esso discovery economically very attractive.

Moreover, discoveries do not come all that easy these days. M Francois Dalbiez, head of Esso's French exploration operations, claims that Chaunoy was the only new discovery made by Exxon in Europe last year.

Despite its Parisian oil strike, the French oil market remains a problem for Exxon. Like other major oil groups, Exxon has continued to lose money on the downstream side of the business in France because of the stagnant situation in the international oil market and the French government's fixed domestic petroleum-product prices.

The company is now considering reducing its refining output in France by a further 25 per cent.

Exxon's French subsidiary is again expecting to report a loss for the second year running in 1983. Although Esso continues to make healthy profits from its exploration and production activities in France, these have not been able to offset the deficits of the downstream business.

Tymshare agrees to lower McDonnell bid

BY PAUL TAYLOR IN NEW YORK

MCDONNELL DOUGLAS, the U.S. aerospace and defence group, yesterday revived its bid to acquire Tymshare, the California-based data-transmission group, with a revised offer of $25 a share, worth about $307.5m.

The definitive agreement between the two companies comes just two months after they cancelled an earlier tentative agreement under which McDonnell would have paid $31 a share or about $372m for Tymshare.

The initial agreement, first announced in November, is thought to have collapsed after McDonnell Douglas attempted to negotiate a lower price in the face of Wall Street criticism of the deal.

Under the terms of the latest bid, McDonnell Douglas is offering $25 a share in cash for Tymshare's 13.3m outstanding common shares. If less than 90 per cent but more than 40 per cent of the stock is tendered, the agreement calls for McDonnell Douglas to acquire a 49 per cent stake in Tymshare. The St Louis-based aerospace group has also been granted an option to purchase a further 2.3m unissued Tymshare shares at $25 each.

The latest offer appears to underscore McDonnell's determination to expand its existing computer services division which is led by its McDonnell Douglas Automation (McAuto) and Microdata Corporation.

The main attraction of the deal appears to be Tymshare's Tymnet data communications service, which allows computers to "talk" to each other using a data communications network. Tymnet is the second largest service of its type after GTE's Telenet and represents about 75 per cent of Tymshare's business.

Last year Tymshare earned $288.8m in revenue but it has reported losses in four out of the last five quarters and has for some time been considered up for sale.

McDonnell Douglas said the latest offer followed the recent resumption of talks between the two companies. The key to the deal appears to be the significantly lower price McDonnell is offering.

However Wall Street analysts yesterday expressed continuing doubt about the deal because of what they see as its negative earnings implications.

McDonnell Douglas gave no further explanation for the renewal of its tender offer, which the company said it hoped would commence on Friday, but it did say that the combined revenues of its existing computer services business and those of Tymshare should be about $1bn this year.

Sonessons announces one-for-three issue

BY DAVID BROWN IN STOCKHOLM

SONESSONS, the Swedish engineering and holding company, majority owned by Volvo, has announced a one-for-three rights issue to raise about SKr 675m. This is one of the largest new issues for some time in Sweden.

The funds will be used mainly to expand Sonessons' new pharmaceuticals division abroad, Mr Hans-Erik Ovin, the managing director, said.

The group is merging two new acquisitions, Leo and Ferrosan, and plans to float this new division in 1985. It is also considering further acquisition in the U.S. and Europe, Mr Ovin said.

Sonessons reported 1983 profits up 58 per cent to SKr 222m ($28.3m) from SKr 140m, bevore extraordinary items and taxes.

Sales climbed 25 per cent to SKr 2.97bn from SKr 2.38bn. Adjusted for acquisitions made last year, this represents an increase of 11 per cent.

Sonessons is an independently managed member of the Volvo group acquired as part of the 1981 merger with Beijerinvest. It has expanded quickly through acquisitions over the past five years. It raised £17.4m ($25.6m) in the UK last June, its first foreign share issue.

Mr Ovin would not comment on persistent rumours that Volvo is planning to sell a significant part of its holding and relinquish control of the group, which is now highly rated on the Stockholm bourse.

The 1983 results correspond to earnings of SKr 18.40 per share.

NMB up 12% on better commission earnings

BY WALTER ELLIS IN AMSTERDAM

THE Nederlandsche Middenstandsbank (NMB) recorded earnings last year of Fl 101m ($34m) – a 12 per cent increase on the figure for 1982. Gross profits rose by 20 per cent to Fl 750m, while the balance sheet total went up 8 per cent, to Fl 63bn.

Provisions against debt rose once more, to Fl 615m, but the 23 per cent increase was substantially less than the rise from Fl 310m to Fl 500m recorded in 1982.

The dividend is to be held at Fl 8 with a final payout of Fl 5.50.

The bank said a major reason for the improvement, in its position was the substantial increase in commission earnings from dealings on the Amsterdam stock exchange. Dutch banks are licensed to act as stockbrokers and have benefited greatly from the surge in equity values recorded in the Netherlands last year.

A rise in the volume of lending and a limitation to 5 per cent in the increase in general costs also contributed to the bank's improved results.

The number of personnel employed at the bank rose by 411 last year to 11,350. The increase was due mainly to the takeover of two small leasing companies in the Netherlands and the acquisition of a Uruguayan bank with a branch in São Paulo, Brazil.

Recovery for Gotaas Larsen

By Andrew Fisher in London

GOTAAS-LARSEN, the Bermuda-based international shipping company, ended up with a small profit in 1983 after suffering the previous year from heavy loss provisions on one of its gas ships.

Net profit for the full year was $3.4m compared with a loss in 1982 of $73.3m after the provisions on the Golar Spirit, a liquefied natural gas (LNG) carrier now laid-up and awaiting delivery in 1986 on a 20-year charter to Pertamina of Indonesia.

Gotaas-Larsen, shares of which are quoted in London and on the North American over-the-counter market, made no major asset sales last year. In 1982, such sales realised net profits of $25.6m.

Shipping markets remained depressed last year, the company said. But the other four LNG ships, trading on charter between Abu Dhabi and Japan, made a higher contribution to profits as operating costs were kept in check.

The two wholly owned cruise ships, Azure Seas and Emerald Seas, turned in better results. Royal Caribbean Cruise Line, in which Gotaas-Larsen has a one-third stake, also benefited from the addition of the 1,440 passenger Song of America, delivered late in 1982.

Further respite for Dome

By Our Financial Staff

DOME Petroleum of Canada has been given a further respite by its Japanese customers so that it can present plans for carrying out its side of a liquefied natural gas (LNG) project.

Previously Dome had until January 31 to inform customers of its plans for the 20-year, 2.9m tonnes a year deal.

Yesterday Mr Seiichi Tanaka, president of Chubu Electric Power, one of the five Japanese utility companies involved, said they had agreed to an extension and would soon inform Dome of the date they considered suitable.

BBC Brown Boveri set to maintain dividend

BY JOHN WICKS IN ZURICH

BBC Brown Boveri, the Swiss parent company of the Brown Boveri engineering concern, at its June 4 shareholders' meeting, is to recommend an unchanged 6 per cent dividend for 1983. However, net profits were up from SwFr 28m ($12.86m) to SwFr 30m.

Provisional figures for the entire Brown Boveri group indicate a simultaneous rise in consolidated earnings. Group cashflow, according to the Baden headquarters, will have risen by about 20 per cent over the 1982 figure of SwFr 390m. This would mean a return to the highest consolidated sum since the SwFr 485m booked in 1979.

Group turnover is believed to have improved by about 10 per cent over the previous year to SwFr 10.7bn, a new record, while the value of new orders increased by some 2.5 per cent to SwFr 10.5bn. In 1982 group turnover had fallen by 2 per cent and orders received by as much as 12 per cent.

The Swiss parent showed a 22 per cent rise in turnover to SwFr 3.37bn.

● Norsk Elektrisk & Brown Boveri (Nebb), the Norwegian subsidiary of Brown Boveri, reports pre-tax profits of NKr 62.2m ($8.22m) in 1983 – more than 50 per cent up from the 1982 figure of NKr 40.5m, although turnover, at NKr 1.8bn, was only 6 per cent higher. An unchanged 12 per cent dividend is being paid.

Imasco may make bid for U.S. group

By Our Montreal Correspondent

IMASCO, the major tobacco products, fast food and retailing group controlled by BAT Industries, was last night expected to announce an offer to buy People's Drug Stores, a Virginia-based chain with 565 units in 13 states.

Acquisition of People's Drug would represent a major push into the U.S. for Imasco. People's Drug had revenues in 1982 of $688m, and net profits of $10.5m. Trading in both Imasco und People's Drug stocks were halted early yesterday in both the U.S. and Canada.

If the deal goes through, it could be worth several hundred million Canadian dollars, according to investment sources.

U.S. Industries looks at buyout scheme

BY PAUL TAYLOR IN NEW YORK

U.S. Industries, a diversified manufacturing group based in Stamford, Connecticut, said yesterday that it has received a leveraged buyout proposal worth about $407m under which a group of investors, including current managers and employees, would take the company into private ownership. The deal is organised by Kelso and company, a New York investment banking group.

Under the terms of the proposed buyout, shareholders would receive $20 a share in cash for each of the company's outstanding 20.3m shares. U.S. Industries, which had revenues last year of $1.1bn and net earnings of $33.7m, said it had appointed an independent committee of outside directors to evaluate the offer and make recommendations to the full board.

If the deal is completed, U.S. Industries, which manufactures industrial products, industrial equipment, clothing, furniture and furnishings, household goods, lighting products and building materials, would be merged into a new company organised by Kelso and become a private concern owned mainly by employees through an existing employee stock ownership plan and a broad-based management group. Institutional investors and Kelso would hold minority interests.

The company said yesterday that the deal is still subject to a number of conditions, including the signing of a definitive agreement.

Olivetti joins Sony in Tokyo venture

By Alan Friedman in Milan

OLIVETTI, Italy's office automation giant, is to join Japan's Sony group in a venture capital investment in Tokyo. Olivetti will take a 20 per cent stake in Dixy, a recently formed Japanese company specialising in flat plasma displays for terminals, personal computers and portable work stations.

Although the size of Olivetti's investment is not large ($500,000), it will become the first non-Japanese industrial company to make a venture capital investment in a Japan concern. Sony, the leading Japanese electronics group, and Pacific Technology Venture fund are the other major co-investors with Olivetti.

By the end of this year Dixy intends to market a new type of display unit offering what it claims to be highly innovative technical features at a price substantially below the current market.

Almost all displays currently available are based on the cathode-ray tube, and the use of new technologies such as liquid crystal has opened up a market for flat displays, with a maximum thickness of 2 cm-3 cm. According to Olivetti, the outlook for this market is expected to grow from $5m in 1982 to more than $1.5bn by 1987.

Norwegian telecom group cuts payout

By Fay Gjester in Oslo

ELEKTRISK Bureau, the Norwegian producer of electronic and telecommunications equipment, is lowering its dividend for 1983 to 12 per cent against 15 per cent a year earlier, but proposes a one-for-10 bonus share issue which will be entitled to full dividend for 1984.

Group profit for 1983, before extraordinary items, was NKr 111m ($14.7m), compared with NKr 140m in 1982, despite a 16 per cent increase in sales to NKr 2.25bn. Exports and sales by foreign subsidiaries accounted for 30 per cent of turnover last year, and this share is expected to rise steeply over the next few years.

The profit decline is blamed mainly on poorer performances by some of EB's subsidiaries, particularly a cable factory in Ireland in which the group has a 55 per cent stake. Turnover this year is forecast at NKr 2,600m – 17 per cent higher than in 1983 – and profits are also expected to rise, despite a planned increase to NKr 270m in research and development spending.

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INTL. COMPANIES

Olcese takes control of Fila sportswear after poor results

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN LONDON

OLCESE has taken a controlling shareholding in Fila, the Italian sportswear and sports goods manufacturer, following a disappointing result last year.

It has increased its stake in the company from 30 to 53.3 per cent. At the same time Fila's capital is being expanded from L11bn ($6.7m) to L19bn.

The restructuring follows the introduction of a new management team last summer during which Dr Augusto Gori, Olcese's managing director, became chairman; Dr Carlo Patrucco became vice-chairman and Sig Angiolo Tacci general manager. Olcese is a subsidiary of Snia Fibre, one of the three big Italian fibre producers.

Dr Gori said yesterday that a new marketing strategy had been drawn up for Fila. This would involve strengthening product lines where the company considers it has a big lead, raising productivity by reducing the number of employees, strengthening the commercial organisation and creating a greater fashion content in its goods.

"We are determined to get on the right financial tracks," he said, "and use the synergy of our advertising and promotion campaigns."

Although Olcese is a publicly quoted company, Fila is not, so its results are not published. However it is understood to have made a slight loss in 1982 and had a "disappointing" 1983.

Dr Gori believes that as a result of the reorganisation the company will be back in the black this year.

Industrially, the company is to cut the numbers employed from 900 to 800 and move from direct production of some lines, such as tennis rackets and underwear, into licensing agreements.

It is to concentrate output on White Line, a collection of tennis and other leisure-wear clothes, Aqua Time, for sailing, swimming and water sports, and Snow Time, for skiing and rock climbing.

Fila has a turnover of L100bn and with its Japanese associate the total is around L150bn. It makes more than 3m garments a year.

Brazilian Ford unit to invest $60m

BY ANDREW WHITLEY IN SÃO PAULO

PHILCO Radio e Televisão, a wholly owned Brazilian subsidiary of Ford Motor Company of the U.S., is to invest $60m over the next two years in the production of high-technology consumer goods and car accessories.

The move follows Philco's exclusion from the country's fast growing data processing sector, which the Government has reserved for nationally owned companies.

The switch in market strategy represents a concentration of two sectors which the company believes will show considerable growth in Brazil in the coming years. Brazil is also seen as an export manufacturing base for these products.

Brazilian Philco car stereo systems are currently exported by Ford do Brasil to Ford's other manufacturing plants in the U.S. and western Europe.

At the same time Philco is abandoning the manufacture of home and office air conditioners in favour of a new venture into vehicle air conditioning.

Mr Edward Laumberg, Philco's local president, said on Wednesday that $16m of the capital investment programme would be used for the expansion of the company's video cassette recorder plant in the Manaus free zone, in the Amazon.

Altogether, Philco Radio e Televisão, which expects sales this year of $400m, plans to spend $25m on expanding its video equipment and television business and the balance on its already well established car accessory business.

Part of the resources will come from the $4.6m Philco will obtain from the sale of its 51 per cent share in a digital semiconductor plant in Minas Gerais state.

Domestic sales boost Nokia group profits

BY LANCE KEYWORTH IN HELSINKI

NOKIA, Finland's largest private sector company, boosted net profits for fiscal 1983 from FM 57m to FM 111m ($19.3m), according to its preliminary report.

Group sales rose 9 per cent to FM 6.97bn with domestic sales showing the strongest growth. Pre-tax operating profits were FM 1bn, 14 per cent of net turnover, compared with 15 per cent in 1982.

Turnover of the parent company rose by 11 per cent to FM 4.8bn, and net profit from FM 50m to FM 78m.

At the end of the year Nokia decided to buy a majority shareholding in Luxor, a manufacturer of microcomputers, television and satellite TV reception equipment, from the Swedish state. They also acquired a majority interest in Salora, a Finnish colour TV manufacturer. These acquisitions make Nokia the second largest company in the Scandinavian electronics sector.

Mr Kari Kairamo, president and chief executive, said: "The 1984 outlook for Nokia group promises an upsurge in growth. Including Salora and Luxor, the budgeted turnover is FM 9.9bn, an increase of 42 per cent on 1983."

The investment budget for the current year is FM 1.2bn, including FM 350m for research and development.

● Wartsila, the Finnish shipbuilding, engineering and consumer products group, records a sharp rise in net invoicing and in pre-tax and net profits in its fiscal 1983 preliminary report.

Net earnings increased by 70 per cent to close on FM 500m ($87m) on sales that rose 40 per cent to FM 5.3bn.

As well as a 10 per cent dividend, all shares will earn a 3 per cent bonus to mark the 150th anniversary of the company. In January 1984, Wartsila floated a new rights issue for FM 180m, the biggest issue on the Helsinki stock exchange by an industrial company.

● Bank of Helsinki, one of the five big commercial banks in Finland, lifted net profits for fiscal 1983 by 30.3 per cent to FM 17m, despite a rise in interest income of only 0.8 per cent.

Deposits increased by 11 per cent to FM 3.49bn at the year end while lending grew at 13.3 per cent to FM 4.12bn. Reserves were raised by 21.2 per cent to FM 147m and the balance sheet total was FM 3.44bn, up 10.4 per cent on 1982. The liquidity ratio was 9 per cent (9.5 per cent in 1982).

The bank has decided to concentrate its international activity in London, where it has a holding in Arbuthnot Latham. It is increasing its interest in the London group by £1.6m ($2.35m) to £3.2m by doubling its stock in Dow-Scandia Holdings. At the same time, the bank has sold its 10 per cent interest in Hanse Bank of Luxembourg.

New Vienna plant for Siemens

BY PATRICK BLUM IN VIENNA

SIEMENS AG Österreich is to build a new factory in Vienna at a cost of Sch 300m ($16.2m).

The factory will produce communications systems, medical and audio equipment. It will start production early in 1986. In the meantime, the existing Vienna works will begin production next month of a joint Siemens-ITT electronic digital exchange system, which will be supplied to the Austrian post office.

Once the new factory is ready, the old plant, which employs about 1,000 workers, will be renovated and transformed for office use, without any job losses, the company says.

Siemens AG Österreich currently employs just under 10,000 workers. The Siemens group as a whole, including several subsidiaries, employs 13,848 workers in Austria.

Amoco oil sands plan cleared

BY ROBERT GIBBENS IN LONDON

ALBERTA and Canada's Federal Governments have given the go-ahead for an oil sands project to be operated by Amoco Canada Petroleum, a subsidiary of Standard Oil of Indiana.

The first stage, costing C$50m (U.S.$40.1m), will produce about 4,000 barrels daily from about 100 wells and a processing plant at Elk Point, 100 miles east of Edmonton.

Providing oil prices are high enough, Amoco plans to drill 1,000 wells to bring production to about 26,000 barrels a day by 1995, declining to 20,000 barrels for another nine years. If the scheme is extended in line with these plans, total spending could reach C$1.6bn.

Steam injection methods are being used to free the oil, for which the company will receive a reference price equivalent to the world price.

Major oil sands projects in Alberta were shelved in 1981.

INTL. COMPANIES & FINANCE

Funding hits Malaysia's bank plans

THE MALAYSIAN Government's recent decision to postpone the building up of domestic ownership of foreign banks was taken for a simple reason—it has more pressing calls on its resources, among them the resolution of Bank Bumiputra's massive bad debt problems, for which no provision has yet been made but for which it must ultimately take responsibility.

Under Malaysia's New Economic Policy, the aim of which is to increase the Malaysians' share of the economy by 1990, foreign banks are supposed eventually to be 70 per cent locally owned. About a dozen have branch operations in the country, including Hongkong and Shanghai Banking Corporation, Chartered Bank, of the UK, the leading Singapore banks and major U.S. banks. Several more have representative offices, though these would not be affected.

At the end of last year the Banking Act was amended to enable foreign banks to incorporate locally as a first step towards the change in ownership. But shortly afterwards, the Government said the next step—purchase of majority interest by Malays—would be postponed.

Two concerns were on its mind. One is the effect on the balance of payments: as the foreign banks repatriate the proceeds of the sale to local interests, there would be a strain. Although Malaysia's international credit standing remains good, no one wants to add unnecessarily to its foreign debt.

David Lascelles, recently in Kuala Lumpur, examines why plans for further Malaysianisation have been postponed

The other is the sheer cost. Although it is not clear precisely who would buy the foreign banks out, the assumption is that a good part would be purchased by the official Bumiputra agencies established to promote the Malays' commercial interests. And the cost would be substantial at a time when the Government has begun to run huge budget deficits. The Hongkong and Chartered banks alone have about 35 branches each and balance-sheets totalling over £1bn (U.S.$1.5bn).

Politically, the position of Prime Minister Mahathir Mohamad's government is obviously a disappointment to the nationalists. But it has been rationalised on the grounds that 70 per cent of total assets in the banking system are already in Malay hands. In any case, Malayisanisation is less of a hot issue than it used to be.

For the foreign banks themselves, the postponement is something of a mixed blessing. They will be able to keep their business, probably for many years judging by the way things are now going. But they will remain hampered by the ban on foreign banks opening new branches.

The cost of Malaysianisation would have come on top of whatever the Government has to stump up to cover Bank Bumiputra's $850m involvement with the bankrupt Carrian group in Hong Kong. An official inquiry is opening into the affair, but it is not clear which if any of its findings will be made public, though a White Paper has been promised. Some details may also emerge from the Bank's annual report which must be published by June under bank regulations.

Banking sources close to the Malaysian Government say Bank Bumiputra is also bearing the burden of financing some of the purchases of tin that Malaysia made two years ago to boost the world tin price. The value of that tin has since declined by over 20 per cent. The Government has always denied that it intervened in the market.

Bank Bumiputra's 1982 annual report explicitly states the Government's commitment to make good whatever losses the bank incurs. Writing off the Carrian loans could therefore cost the Government well over 1bn ringgit (US$430m), out of total revenues which amounted last year to 21bn ringgit. It is not clear why no write-offs have yet been made, or when they will be made.

Bell offer for BHP expected to close today

BY MICHAEL THOMPSON-NOEL IN SYDNEY

A PROMPT closure to Bell Resources' latest offer for shares in Broken Hill Proprietary (BHP), Australia's largest company, is expected after today's resumption of the court hearing in Melbourne in which BHP is seeking to block Bell Resources' offer for 16m shares.

Yesterday in the Victoria Supreme Court, a judge ruled that Bell Resources, a subsidiary of Mr Robert Holmes à Court's Bell Group, had breached a section of the Companies (Victoria) Code, in not releasing a prospectus with its offer for BHP shares. But, Mr Justice Hampel said it was an "innocent breach" caused partly by misleading advice from the National Companies and Securities Commission.

Bell Resources is thought to have received almost 8m acceptances for its latest offer, to go with the 8m BHP shares and options it already owns. Its offer is seven Bell Resources shares for four BHP shares or five shares and five options for four BHP shares.

The position of BHP shareholders who have already indicated acceptance of Mr Holmes à Court's offer, was unclear last night, but the Bell chief still appears to hold most of the cards.

BHP replied to Bell Resources offer last week, by announcing a scrip issue of one new share for every five held on April 27 1984. It also says that shareholders who resisted the Holmes à Court offer would be entitled to the May dividend and a one-for-nine new share issue at A$7.50 (slightly more than half the current share price) to be offered to shareholders registered on March 7.

In the view of Sir James McNeill, the BHP chairman, Bell Resources' offer is "a paper offer" which is made at a time when there is confusion about the activities of Bell Resources. It is an opportunistic offer made following a very recent and sharp rise in the price of Bell Resources shares."

BHP has long been regarded as one of the most conservative companies in Australia, its low gearing and allegedly over-prudent dividend policy being only partially offset by its recent renewed thrust into energy and resources.

See Lex, Back Page

Sasol pre-tax earnings well ahead at six months

BY OUR JOHANNESBURG CORRESPONDENT

SASOL, the South African oil-from coal producers, earned a pre-tax profit of R205.7m ($171m) in the half year ended December 24 1983 against R195.9m in the same previous period. The financial year to June 25 1983 resulted in a pre-tax profit of R386.3m.

The directors point out that the current results are not strictly comparable with those of earlier periods due to the acquisition of the Sasol Two production unit, an increase in the number of issued shares which accompanied the acquisition, and the subsequent rationlisation of the group's interests.

The Sasol Two and Three production facilities have been operating at full capacity since the middle of 1983. The directors do not comment on the current state of the various markets served by the company but slow economic activity severely affected demand for petro-chemical products last year which resulted in the closure of some of the older plant.

The company is planning to enter the fertiliser market this year, to the consternation of the established fertiliser companies most of which are suffering from the effects of the country's worst drought in over 50 years. Sasol is on the verge of starting commercial production of fertilisers and has already inaugurated an active marketing campaign.

An interim dividend of 14 cents has been declared from first-half earnings of 36.3 cents a share. The board says that the second half of the current financial year should produce much the same results as the first half and that earnings are expected to be at least 72 cents

Lower interest rates hurt Arab Investment Company

BY MARY FRINGS IN BAHRAIN

THE ARAB Investment Company (TAIC), the Riyadh-based group in which 15 Arab governments hold shares, has reported a 25 per cent reduction in operating profit for 1983, from $29.7m to $22m.

Mr Abdulelah A. Salih, the financial controller, said the gearing of the bank was still very low and a fall in international interest rates therefore had a direct impact on results. Taic has not declared a dividend.

Gross operating income fell only slightly, from $57.4m to $56.5m, but operating expenses increased from $27.7m to $34.3m

Although total assets (excluding contra items) increased by only 15 per cent, from $562.6m to $647.5m, there was an 88 per cent increase in off balance sheet contingent liabilities, from $229.2m to $432.3m, while the loan portfolio grew by 85 per cent from $168.9m to $313.1m. Loan commitments are entirely in the Arab world and Taic made no provision against losses.

The company did, however, make a provision of $11.9m for a decline in the value of its investments and unrealised exchange losses, compared with $19m in 1982.

Taic was set up in 1974 by 15 Arab states, among which Saudi Arabia, Kuwait and the UAE are the biggest shareholders, each with 15 per cent. Iraq has 10.3 per cent while Sudan, Egypt, Syria and Libya each has 6.9 per cent. The head office is in Riyadh but the treasury operation together with trade finance and loan syndication divisions are now operating from Bahrain.

JAPANESE RESULTS

ASAHI BREWERIES

BREWING

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	215	202
Pre-tax profits (bn)	2.4	2.1
Net profits (bn)	1.3	1 3
Dividend	5	5

PARENT COMPANY

CHUGAI PHARMACEUTICAL

DRUG AND CHEMICALS PRODUCER

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	95.7	87.8
Pre-tax profits (bn)	14.2	12.8
Net profits (bn)	4.9	4.3
Net per share	32.70	34.13
Dividend	3.75	3.75

PARENT COMPANY

LION

TOILETRIES/DETERGENTS

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	248	235
Pre-tax profits (bn)	6.1	5.8
Net profits (bn)	2.7	2.5

PARENT COMPANY

PIONEER ELECTRONICS

CONSUMER ELECTRONICS

Three months to	Dec 83 Y	Dec 82 Y
Revenues (bn)	86	81
Pre-tax profits (bn)	6.8	1.8
Net profits (bn)	3.1	†1.1
Net per share	28.66	†9.93

CONSOLIDATED

†Loss

US$7,000,000.00

MBI INTERNATIONAL NV

Guaranteed Floating Rate Notes 1986
for the six months 29/2/84 to 31/8/84

The notes will carry an interest rate of 10 11/16 per annum. Coupon value US$546.25

Listed on The Stock Exchange, London

February 28, 1984

Oesterreichische Kontrollbank Aktiengesellschaft

US$100,000,000

Guaranteed Floating Rate Deposit Notes 1987

Guaranteed by the

Republic of Austria

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the Interest Period commencing on February 29, 1984 the Notes will carry an interest rate of 9 15/16% per annum. On May 31, 1984 interest of US$12,538.19 will be due per US$500,000 Note against Coupon No. 9.

Agent Bank

ORION ROYAL BANK LIMITED

February 28, 1984

US $50,000,000

GTE Finance N.V. GTE

Floating Rate Notes Due 1987
Convertible into 10% Bonds Due 1992

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period commencing on February 29, 1984 the Notes will bear interest at the rate of 10 13/16% per annum. The interest payable on the relevant Interest Payment Date, August 31, 1984 against Coupon No. 8 will be US $276.32 and the Conversion Interest Amount will be US $1.39 per Note converted.

Interest Determination Agent

ORION ROYAL BANK LIMITED

A member of The Royal Bank of Canada Group

U.S $850,000,000

Malaysia

Floating Rate Notes Due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 27th February, 1984 to 28th August, 1984 the Notes will carry an Interest Rate of 10 11/16% per annum. The interest amount payable on the relevant Interest Payment Date which will be 28th August, 1984 is U.S. $543.28 for each Note of U.S. $10,000.

Credit Suisse First Boston Limited
Agent Bank

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF BONDS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE THEY SHOULD CONSULT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

NOVO

NOVO INDUSTRI A/S

(Incorporated as a company with limited liability in Denmark)
("the Company")

Notice to the holders of the 7 per cent. Convertible Bonds 1989 of the Company.

denominated in U.S. dollars
("the Bonds")
convertible into B Shares of the Company
("B Shares")

Conversion Right Expires: 23rd March, 1984
Redemption Date: 30th March, 1984

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN to the holders of the outstanding Bonds that, in accordance with the Conditions endorsed on the Bonds ("the Conditions") and pursuant to the provisions of the trust deed dated 12th October, 1978 ("the Trust Deed") between the Company of the one part and The Law Debenture Corporation p.l.c. ("the Trustee") of the other part constituting the Bonds, the Company will on 30th March, 1984 redeem all of the Bonds then outstanding at the redemption price of 102 per cent. of their principal amount, together with interest from and including 15th January, 1984 down to but excluding 30th March, 1984 amounting to U.S.$14.59 per Bond (that is to say an aggregate of U.S.$1,034.59 for each U.S.$1,000 principal amount of Bonds).

This Notice is given in accordance with Conditions 4(C), 4(G) and 14.

CONVERSION ALTERNATIVE

It is provided in the Trust Deed and in the Conditions that any holder of Bonds may, as an alternative to redemption, exercise the right to convert the principal amount of his Bond(s) into B Shares but such right to convert must be exercised not later than 23rd March, 1984. THE RIGHT TO CONVERT THE PRINCIPAL AMOUNT OF THE BONDS WILL THEREFORE TERMINATE ON 23rd MARCH, 1984.

Bonds may be converted into B Shares at the Conversion Price of D.Kr. 228 per D.Kr. 100 nominal amount of B Shares which, using the fixed exchange rate specified in the Conditions of U.S.$1 = D.Kr. 5.3435, results in a conversion rate of 23.436403 B Shares of D.Kr. 100 nominal amount for each U.S.$1,000 principal amount of Bonds. B Shares will be issued on conversion in the minimum nominal amount of D.Kr. 100. Entitlements to B Shares in a nominal amount less than D.Kr. 100 will not arise but the Company will *pay a cash adjustment in dollars of an amount (converted into dollars at the middle rate between the buying and selling spot* delivery rates for the dollar quoted on the Copenhagen foreign exchange market on the date of conversion) equal to that obtained by multiplying the Current Market Price per B Share (as defined in the Trust Deed) by the nominal amount of the entitlement that would otherwise have arisen and by dividing the resultant sum by 100.

As provided in the Conditions, any holder of Bonds who wishes to exercise his right to convert must obtain a Notice of Conversion from the specified office of any Conversion Agent (set out on the reverse of the Bonds and at the foot of this Notice), complete and sign the same in accordance with the instructions thereon and deliver it with his Bond(s), together with all unmatured Coupons, at the specified office of any Conversion Agent at any time up to the close of business on 23rd March, 1984. The Conversion Agent will require payment of an amount equal to the face value of any such Coupon not so delivered. A Bondholder delivering a Bond for conversion must pay all taxes and stamp duties (if any) arising on conversion in the country where the specified office of the *relevant Conversion Agent is situated (other than any taxes or capital or stamp duties payable in the Kingdom of Denmark by the* Company in respect of the issue of B Shares on the conversion).

B Shares arising on conversion will rank in full for all dividends in respect of the financial year of the Company ending 31st December, 1984 but will not rank for any dividend in respect of any earlier financial year. Subject thereto such B Shares will in all respects rank pari passu with the B Shares in issue on the date of conversion. No payment or adjustment will be made upon conversion for interest accrued on any Bond since 15th January, 1984, being the date for payment of interest last preceding conversion. B Shares arising on conversion will be represented by interim bearer certificates which will be despatched together with cheques in respect of cash adjustments at the risk and expense of the Company to the converting Bondholder or in accordance with the instructions contained in the Notice of Conversion (subject to any applicable fiscal or other laws or regulations) within 28 days after the date of conversion. Such interim bearer certificates will give details as to how they may be exchanged for bearer certificates in final form.

Between 24th January, 1984 and 24th February, 1984 the means of the daily nominal quotations of B Shares of D.Kr. 100 nominal amount as shown in The Stock Exchange Daily Official List (converted from pounds sterling to U.S. dollars at the daily rates of exchange also shown therein), ranged from U.S.$288.68 to U.S.$264.21. The mean of such quotations on 24th February, 1984, on the same basis, was U.S.$265.61. At such price, the holder of a Bond of U.S.$1,000 principal amount would receive upon conversion B Shares and cash for the fractional entitlement having an aggregate value of U.S.$6,224.94. Such value is, however, subject to variation with the market value of the B Shares. SO LONG AS THE MARKET VALUE OF B SHARES OF D.Kr. 100 NOMINAL AMOUNT IS U.S.$44.14 OR MORE, HOLDERS OF BONDS WILL UPON CONVERSION RECEIVE B SHARES AND IF APPLICABLE CASH IN LIEU OF ANY FRACTIONAL ENTITLEMENT HAVING IN AGGREGATE A GREATER MARKET VALUE THAN THE CASH WHICH THEY WOULD RECEIVE ON REDEMPTION OF THEIR BONDS. FAILURE TO DELIVER BONDS FOR CONVERSION ON OR BEFORE 23rd MARCH, 1984 WILL (SUBJECT TO THE POWER OF THE TRUSTEE, REFERRED TO BELOW, TO APPLY THE PRINCIPAL AMOUNT OF BONDS NOT CONVERTED OR REDEEMED IN SUBSCRIBING B SHARES AND TO SELL THE SAME ON BEHALF OF HOLDERS OF BONDS) AUTOMATICALLY RESULT IN REDEMPTION AT A PRICE (INCLUDING ACCRUED INTEREST) OF U.S.$1,034.59 FOR EACH U.S.$1,000 PRINCIPAL AMOUNT OF BONDS.

IMPORTANT

Value of the B Shares (including fractional entitlements) into which each U.S.$1,000 principal amount of Bonds is convertible based on the mean of the nominal quotations of B Shares of D.Kr. 100 nominal amount on 24th February, 1984 as shown in The Stock Exchange Daily Official List (converted from pounds sterling to U.S. dollars on the basis *referred to above) of U.S.$265.61 per D.Kr. 100 nominal amount of B Shares*.......... *U.S.$6,224.94*

Redemption price (together with accrued interest) for each U.S.$1,000 principal amount of Bonds.......... U.S.$1,034.59

If any holder of Bonds wishes to accept redemption at the redemption price (together with accrued interest) he should surrender his Bond(s) together with all unmatured Coupons at the specified office of any Paying Agent (set out on the reverse of the Bonds and at the foot of this Notice) on or after 30th March, 1984.

Subject as provided in the Trust Deed, within 7 days after the date specified as the date of redemption of the Bonds, the Trustee may, *at its absolute discretion, and without being responsible for any loss occasioned thereby, elect to apply the principal amount of all* Bonds which, before the date of such election, have not been surrendered for either redemption or conversion in subscribing for B Shares of such nominal amount as would have been issued on conversion of such Bonds on 30th March, 1984 (effectively at a subscription price of U.S.$42.6687 per D.Kr. 100 nominal amount of B Shares), in which event it shall sell the said B Shares and arrange for the net proceeds of the sale thereof, instead of the aggregate of the redemption price and accrued interest of U.S.$1,034.59 per Bond, to be made available against surrender of such Bonds to any of the Paying Agents. In such a case, any holder surrendering (a) Bond(s) after such election by the Trustee would have to await the completion of the sale of the B Shares subscribed by the Trustee before receiving the amount to which he is entitled.

The attention of holders of the Bonds is drawn to the Conditions and in particular to Conditions 4, 5 and 6 which contain further details regarding redemption and conversion. Copies of the Trust Deed are available for inspection at the registered office of the Trustee at Estates House, 66 Gresham Street, London EC2V 7HX and at the offices of the Paying Agents specified below.

PAYING AGENTS AND CONVERSION AGENTS

Principal Paying Agent
Morgan Guaranty Trust Company of New York,
23 Wall Street, New York, N.Y. 10015.

Principal Conversion Agent
Morgan Guaranty Trust Company of New York,
33 Lombard Street, London EC3P 3BH.

Paying Agents

London
Morgan Guaranty Trust Company of New York,
33 Lombard Street,
London EC3P 3BH.

Brussels
Morgan Guaranty Trust Company of New York,
Avenue des Arts 35,
1040 Brussels.

Amsterdam
Bank Mees & Hope NV,
Herengracht 548, Amsterdam.

Luxembourg
Banque Générale du Luxembourg S.A.
14 Rue Aldringen,
Luxembourg.

Frankfurt
Deutsche Bank A.G.,
Grosse Gallusstrasse 10-14,
6000 Frankfurt/ Main.

Basle
Swiss Bank Corporation,
Aeschenvorstadt 1,
CH-4002 Basle.

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Swiss Bank Corporation
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CH-4002 Basle.

BY ORDER OF THE BOARD
Mads Øvlisen
Secretary

Dated 28th February, 1984

UK COMPANY NEWS

Second half lift gives Vickers £19.5m

A RECOVERY in the second half has enabled Vickers to maintain its profit before tax at £19.5m for the year 1983, and its dividend at 8p net. The strike at Rolls-Royce Motors' factory in Crewe cost more than £4m in profit.

Profit from motor cars fell from £6.2m to £1.1m, but was made good by an expansion from £5.7m to £10.4m in the profit from lithographic plates and supplies. The business equipment and defence and aerospace businesses have consolidated on the good results of the previous year.

In the disappointing first half of 1983 the profit fell from £10.2m to £7.5m, and the interim dividend was reduced to 3p, from 4.55p.

There are again significant extraordinary costs of the contraction or closure of some of the businesses. However, the company has maintained its programme of capital investment which has resulted in the modernisation of old plant and the further development of the core businesses.

Following the reduction in borrowings in 1982, continued tight control of cash has brought a further worthwhile improvement this time. In addition, the divestment programme, most of which is not reflected in cash term in 1983, will bring further reductions in the current year.

The sale of the diesel engine business has not yet been completed but its disposal has been reflected in the preliminary balance sheet.

There was a cut in net interest charges from £16.3m to £12.8m. Redundancy costs on closures and reorganisations totalling £8.6m, against £9.7m, have been charged, with £1.5m (£6.6m) taken below the line in the extraordinary charges. Earnings for the year are held at 14p (14.1p).

At the end of 1983 stockholders' interest in the assets had fallen from £221.5m to £201m. Tangible assets stood at £175.5m (£204.1m), and net current assets at £110.2m (£120.2m), including initial consideration on disposal of diesel engine division £14.8m. Borrowings totalled £58.3m (£68.3m) and provisions for liabilities and charges came to £19.2m (£31.4m).

As to the future, the directors state there is more confidence today that indicators of business recovery are telling a truer story than at any time in the recent past. It would be foolish to expect other than a patchy recovery; but all efforts in the past few years to re-shape Vickers into a company which is efficient in production, careful of costs and sensitive to its markets, is beginning to bring benefits

They say the U.S. economy shows signs of leading the world into some improvement in trading activities and this, coupled with the strength of the dollar, has begun to show through in the level of Rolls-Royce motor car sales in that country.

	1983 £m	1982 £m
Sales	655.2	656.1
Motor cars	106.8	125.6
Engineering (Aust)	104.9	93.4
Litho plates	90.2	76.4
Business equipment	59.8	60.0
Defence, aerospace	63.9	50.2
Marine engineering	50.6	43.9
H'lthcare, instrmnts.	27.2	23.4
Design, projects	25.9	25.7
Machinery	*21.7	24.5
Other activities	†43.0	48.6
Diesel engines	‡53.1	62.2
South Africa	‡8.1	12.7
Other	‡—	9.5
Profit before interest	31.8	35.3
Motor cars	1.1	6.2
Engineering (Aust.)	4.7	5.0
Litho plates	10.4	5.7
Business equipment	3.4	3.2
Defence, aerospace	5.4	4.9
Marine engineering	4.5	3.4
H'thcare, instruments	2.6	0.9
Design, projects	0.8	1.0
Machinery	0.3	1.8
Other activities	§3.1	§1.0
Diesel engines	¶2.3	4.2
South Africa	§0.6	—
Net interest	12.8	16.3
Associates	0.5	0.6
Profit before tax	19.5	19.6
Taxation	5.6	7.0
Minorities	0.7	0.1
Extraordinary charges	9.3	14.5
Stockholders' profit	3.9	§2.0
Dividends	7.7	7.7

* Bottling and packaging machinery. † Each with under £20m sales. ‡ Discontinued activities. § Loss. ¶ Included contract cancellation compensation £1.9m (£2.5m).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Apex Properties	int	0.07	April 4	0.7	—	2
Contl Microwave	int	1.5‡†	April 16	1*	—	3.5*
FII Group	int	1.75	May 10	1.54	—	5.25
InterEurope Technology	int	1.54‡	April 24	1.4	—	4.2
Kenyon Secs	int	3.13‡	—	—	‖	—
Michael Peters	int	0.79‡	May 18	—	¶	—
Technology for Business		4.2‡	—	—	4.2	—
Vickers		5	May 2	3.45	8	8
Victor Products	int	1.6	April 9	1.6	—	4.6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ A final of 1p forecast. ‖ A final of 6.25p forecast.

Our Price offer by tender at 150p

Our Price, the London-based specialist retailer of recorded music, is coming to the stock market via an offer for sale by tender.

The group is offering 1,633,500 ordinary 20p shares representing 28 per cent of the total equity, at a minimum tender price of 150p.

The directors are forecasting a pre-tax profit of not less than £1.1m for the year ending May 30, 1984. In the previous year Our Price made £989,000 on sales of £19.9m. They do not intend to recommend a dividend for the current year, but expect that the first ordinary dividend will be an interim in respect of the year ending May 1985.

The offer is being arranged by Morgan Grenfell and brokers are Scrimgeour, Kemp-Gee. The application list will open on March 6 and dealings are expected to begin on March 12.

A prospectus and comment will be published in tomorrow's edition.

Dewey Warren is second Lloyds broker on USM

Dewey Warren Holdings will become the second Lloyds insurance broker to join the Unlisted Securities Market when dealings in its shares open tomorrow.

The group, which specialises in placing reinsurance on the London market, has completed its demerger from financial services group Argyle Trust. It is coming to the USM via an introduction arranged by Hambros Bank.

No new capital is being raised, but Argyle shareholders are being offered 4.29m shares in Dewey on the basis of one ordinary 10p share for every five ordinary shares of Argyle Trust.

Dewey's directors forecast that profits for the year to December 31 1983, which will be released today, will be £734,000 before tax. In the year to December 1982, Dewey Warren made £329,000 on net retained brokerage income of £1.1m.

There will be no dividend for the year to December 1983, but the directors expect to pay to shareholders about 50 per cent of distributable profits in future years. If there had been a dividend for 1983, it would total 3.5p net.

The demerger will cost Dewey Warren £80,000, about a third of the total demerger expenses, the rest of which will be paid by Argyle.

Dewey Warren operates entirely independently of Argyle and conducts around 60 per cent of its business in the UK and EEC nations, with the rest coming mainly from the U.S.

Since the recapitalisation of the troubled Sterling Credit Group in 1980, Argyle's predecessor, Argyle has concentrated on three main activities: insurance broking through Dewey Warren and secured consumer finance and life assurance, primarily through Sterling Trust and Sterling Life.

It felt that there would be significant trading advantages to be gained from the demerger of Dewey Warren and especially from the separation of ownership of the insurance broking and life assurance companies.

Brokers to the introduction are Phillips & Drew.

FS Assurance reversionary bonus lifted

Glasgow-based life company FS Assurance is lifting its reversionary bonus rates for 1983 on its with-profits pension contracts, but keeping the rate unchanged on life policies.

Pension contracts will receive a bonus addition for 1983 of £4.35 per cent of the basic benefit plus £6.25 per cent on attaching bonuses, compared with £4.25 per cent plus £6 per cent respectively for 1982. On life policies the rate remains at £4 per cent of the basic benefit and £5.6 per cent of attaching bonuses.

The company is making significant improvements to its terminal bonus rate. On life policies it is improved from 50 per cent to 60 per cent of attaching bonuses, while on pension contracts it is lifted from 60 per cent to 70 per cent of attaching bonuses.

Bonuses on controlled funding schemes are maintained at £1.75 per cent on contingent pensions purchased.

See Lex

Intereurope expands to £528,000 at midway

PRE-TAX profits of Intereurope Technology Services moved ahead from £393,000 to £528,000 for the six months ended December 31, 1983 and the directors believe that the full year's figures will be satisfactory.

Turnover of this USM company increased from £3.04m to £3.5m and the interim dividend is lifted to 1.54p (1.4p) net per share—last year's final payment was 2.8p, and the taxable surplus was £873,000 (£680,000).

The directors said in their annual review that the group had entered the current year with a strong order book which gave a firm base for future development.

They now say that both technical documentation and software have continued to progress, while engineering design and specialist equipment manufacture has shown improvement over the corresponding period.

The automotive and mobile constructive equipment regulation services have remained static, they state, but this was because of the initial costs transferring the French service to the UK. The directors add that the group's order book remains strong.

Trading profits for the six months amounted to £499,000, compared with £365,000, and profits included investment income of £29,000 (£28,000) but were subject to tax of £253,000 (£185,000).

There were no extraordinary items this time, compared with debits of £77,000, while earnings per 20p share are given as 5.5p, against 4.16p.

The group obtained a USM quote in July 1982.

● **comment**

The sources of Intereurope's profits growth remain as much classified information as do its products. It is hard to quarrel with the growth record, though, particularly given the way profits keep increasing at double the rate of turnover. The margins improvement relates partly to operational gearing, with sales growth outstripping the rise in fixed costs; but there has also been a further shift from hardware documentation to the more profitable software area. This is obviously the most alluring part of Intereurope's business. On the hardware side, though, it bears noting that Intereurope is largely immune from cuts in Government spending, unless the actual cancellation of projects is involved; a reduction in output of, say, a guided missile does not affect the need for initial documentation. Full year pre-tax profits should now be around £1.2m, which puts the shares—up 15p to 260p—on a prospective multiple of 21.

ACT calls for £17.2m and forecasts profit advance

BY TONY JACKSON

Applied Computer Techniques, a distributor and manufacturer of personal computers, is raising £17.2m by a one-for-four rights issue at 530p per share.

The group's shares rose yesterday by 30p to 640p.

ACT's directors forecast turnover of approximately £50m for the year to end-March 1984 and pre-tax profits of over £4.5m, compared with £2.17m for the previous year. The final dividend is forecast at 1.7p net on the enlarged capital, making 2.2p for the year. Turnover for the following year is expected to be at least £100m.

Forecasts for both years exclude further contributions from distribution of the Sirius computer, supplied to ACT by the U.S. company Victor Technologies which was the subject of a Chapter 11 bankruptcy petition earlier this month.

The forecast for ACT's current year assumes a "serious interruption" in supplies of the Sirius in the last few weeks of the year. The directors say, though, that the assumption is made in the interests of prudence; it "does not necessarily imply" that they expect such an interruption.

The issue proceeds are intended to finance increased production of ACT's own Apricot computer, and other models due to be announced. Manufacturing will contribute under 10 per cent of the current year's profits, or around 20 per cent of turnover, Mr Roger Foster, ACT managing director, said yesterday.

He added, however, that there had been a "tremendous change in the sales pattern in the course of the year; the first half was dominated by the Sirius, but the Apricot overtook it from nowhere in the second half."

Presently, ACT is attempting to buy part of the assets of Victor in order to continue production of the Sirius computer. The bid, it was revealed yesterday, was being undertaken in conjunction with Hong Kong-based Swire Pacific. The intention is that ACT and Swire should form a joint venture for the manufacture of the Sirius.

Distribution outside the U.S. would be split up, with Swire supplying Far Eastern markets and ACT supplying Europe. Lawyers representing Victor's creditors said last night that they had not yet received the new joint offer. The value of the bid has not been disclosed.

ACT and Swire have already been engaged in a joint venture for 15 months. The company, Swire Systems, distributes both the Sirius and Apricot computers, along with ACT software, in the Far East.

Mr Foster said Swire had considered bidding for Victor on its own, but agreement was reached for a joint approach within the last few days.

Yesterday ACT said that the bid for Victor was on a basis that could be financed out of the group's current resources, before taking into account the proceeds of the rights issue. It was also emphasised that the forecast of £100m turnover for the year to March 1985 did not include any sales of Sirius.

● **comment**

FOR a company whose recent growth has depended primarily on a supplier which has just gone bankrupt, ACT is remarkably bullish in its forecasts. Obviously, though, the Apricot is flourishing remarkably—and expensively, this being the third rights issue from Act in just over 18 months. There are plans, too, for more powerful models to come; whether they would clash with the Sirius in the home market is a little unclear. But then, the Sirius is coming towards the end of its product life. On that basis, it is prudent on more than one count for Act to exclude it from its calculations. Backing the projected sales of Apricot is the software and maintenance business, which would probably account for some *20 per cent of the £100m sales* forecast for 1985, but rather more of the profit.

Michael Peters boosts profits to £253,000

Higher pre-tax profits were achieved by design consultancy concern Michael Peters Group for the six months ended December 31 1983, and the directors say this trend is continuing in the third quarter.

On turnover up from £835,621 to £1.27m for this USM company, the taxable surplus for the period expanded to £253,146, compared with £139,337.

As forecast in the prospectus, the interim dividend is 0.785p net, with a 1p final payment anticipated by directors.

Tax charge took £136,979, compared with £62,797, minorities £547 (£4,110) and amortisation of goodwill £10,601 (£5,721). This left a balance of £105,019, against £66,709, of which the dividend will absorb £44,375 (nil). Earnings per 25p share were 2.25p (1.54p).

Victor Products will fall 'well short of budget'

FIRST HALF profits from Victor Products show a reduction of £273,000 to £508,000. The second half is expected to be a little better but the overall result for the year ending April 30 1984 will fall "well short" of the directors original budget.

The interim dividend is being held at 1.6p net per share. For 1982-83 the total was 4.6p paid from a pre-tax profit of £1.81m.

The group makes equipment for the coal mining, oil and petrochemical industries. The Coal Board continued its destocking policy and that was the main reason for the poor half year results, the directors state. However, business in other areas has not been "as lively as expected"—this is particularly true of the lighting requirements of the petrochemical industry, where there are plenty of inquiries but few of the projects have start dates fixed as yet.

The directors describe the first quarter as encouraging, but say the second three months proved "unexpectedly dull," primarily due to the destocking continuing longer than anticipated. The third quarter is showing signs of a recovery, and this is expected to continue through to the year-end.

Sales in the half year to October 31 1983 came to £7.27m, compared with £7.65m. After tax £152,000 (£234,000) the net profit was £356,000 (£547,000) for earnings of 4.16p (6.66p) per share.

As part of the plan to increase the importance of the role being played by the younger members of the team, while reducing the average age of the board, Mr Andrew Murison joined the board on February 1 and Mr Christopher Fitzpatrick will become managing director from May 1.

Joseph Hoyle

In the half year to September 24, 1983, woollen spinner and cloth manufacturer, Joseph Hoyle & Son, came back into the black with a pre-tax profit for the period of £33,000, as against a £32,000 loss last time.

Turnover of this wholly-owned subsidiary of Lister & Co. improved from £1.99m to £2.18m. At the trading level, profits were ahead from £63,000 to £114,000, before interest payable of £6,000 (£9,000) and management and finance charges of £75,000 (£85,000).

Earnings per 25p share came out at 3.76p, against a loss of 4.25p before. Tax charge was unchanged at £750 and there was an extraordinary debit of £2,000 last time.

Pre-tax loss for the last full year was £80,871 (£19,391).

Apex Properties

Taxable profits of property investment and development group, Apex Properties, dropped from a restated £323,409 to £273,597 for the six months to September 30, 1983.

Comparatives have been restated to comply with the group's accounting policy in respect of interest payable on development properties. The effect has been to increase taxable profits for the period by £48,484.

The net interim dividend is unchanged at 0.7p per 10p share—last year's total payment was 2p.

First-half earnings per share slipped from 1.44p to 1.22p, after tax of £142,270 (£168,173). Last year, there was also an extraordinary credit of £621,363.

Rents receivable in the period increased slightly from £541,277 to £551,673.

Royal Worcester

The Royal Worcester board is proposing the early repayment of the 7¾ per cent debenture stock 1986-91 at £100 per cent per £100 nominal of the stock.

Kenyon Securities

First half pre-tax profits of Kenyon Securities slipped by £7,000 to £150,000 but the directors are satisfied that the results support their prospectus forecast of £390,000 for the full year to March 31, 1984.

An interim dividend of 3.125p net is being paid and as foreshadowed, a final of 6.25p will be recommended.

Turnover for the half year to September 30, 1983 declined from £1.62m to £1.59m. Earnings totalled 7.2p (7.5p) per 25p share after tax of £71,000 (£74,000).

The group's business covers funeral and ancillary services

UK COMPANY NEWS

FII jumps 76% and lifts interim

THE PROGRESS of FII Group continued in the half year to November 30, 1983. While turnover rose by 24 per cent to £6.02m, against £4.85m, pre-tax profits for the period jumped by 76 per cent from £326,000 to £574,000.

Mr Monty Sumray, the chairman, says that the group's improvement should continue, although not necessarily at the same rate as in the first half. He looks forward with quiet confidence to the year's results.

After tax of £236,000 (£145,000) first-half net profits were up from £181,000 to £338,000, equivalent to 8.3p (4.5p) per 25p share. Extraordinary debits increased from £14,000 to £61,000.

The net interim dividend is raised from 1.54p to 1.75p—the chairman and his wife are again waiving most of their dividend entitlement on their shares, reducing the cost to the company by £19,000 to £52,000.

In the last full year, the company paid dividends totalling 5.25p on pre-tax profits of £728,000.

In the half year there was further expansion in both production and sales at the Fiona Footwear factories in Wales and this trend continues. Sales by the merchanting division were better in the half year, but further improvement is needed for viability, the directors state.

The group's Swansea store, which opened last October, has done well and this month FII opened another large store in Pyle, Mid-Glamorgan. The factory shops at Port Talbot and Bridgend have been closed.

FII now has two substantial retail outlets in Wales and these are expected to make a worthwhile contribution to the group's profits.

In the new medical division, the group recently increased its equity holding in Rhinotherm to 76 per cent. A sales campaign is about to start for the Rhinotherm cold and allergy alleviation device. The other companies in the division are beginning to trade. Additional starting-up costs of £46,000 net are included in extraordinary expenditure.

Liquidity at November 30 was £1.7m.

Continental Microwave up sharply in opening half

ON a £1.49m rise in turnover to £2.53m Continental Microwave (Holdings), a USM company, pushed its first half profits up from £42,000 to £201,000 at the pre-tax level.

With a greater proportion of sales expected to accrue in the second six months Mr Drew Lance, the chairman, is confident that the full year results, to end-June 1984, will again show a "satisfactory" improvement.

In the UK the group's order book at December 31 last was £6.7m. This figure has further improved in the last two months following the group gaining a major contract from British Telecom as well as a number of other important contracts.

Mr Lance is optimistic for the full year and believes that the group's new product development programme will keep it in the forefront of the telecommunications, broadcast and defence electronics industries.

Reflecting the group's confidence, the net interim dividend is being effectively increased from 1p to 1.5p per 25p share—a final equal to 2.5p was paid for 1982-83 from taxable profits of £407,122.

The chairman says that the "excellent" first half results must be viewed against his comments in the annual report where he pointed out that trading in the two halves of the current year would be more even.

The interim figures include less than a month from the recently-acquired American subsidiary, R. F. Technology, and the restructuring currently in progress in this company indicates very little contribution in the remainder of the year. The directors confidence in their ability to show good growth for the full year depends upon how quickly they can contain losses at the company.

The group's portable microwave link systems are "selling extremely well" and the new "back pack" portable link system is in good demand for outside broadcast units. Mr Lance says a number of these products are finding acceptance in world markets. Overall group exports were more than 18 per cent of total turnover in the first half.

Part of the proceeds of the £1.07m October rights issue have been utilised to acquire R. F. Technology, and provide funding to that company. The remainder has been used to build the group's stock levels and to continue the development of its R&D and equipment testing facilities.

Tax for the opening half accounted for £15,000 (£9,000) and retained profits emerged at £150,000 (£13,000) after allowing for interim dividend payments of £36,000 (£20,000).

The group, based at Luton, obtained a quote for its shares on the USM in April, 1982.

MINING NEWS

Reduced loss for Noranda

BY GEORGE MILLING-STANLEY

CANADA'S Noranda Mines did not make the hoped-for return to profit in 1983, but the year's results show an encouraging reduction in the group's losses.

Noranda, one of Canada's leading natural resources groups, recorded a net loss for the whole of 1983 of C$34.6m (£19m) or 58 cents per share, compared with losses of C$82.9m or C$1 per share in 1982.

The results reflect the fact that the impact of the north American economic recovery on prices for the bulk of Noranda's products was reduced considerably after the middle of the year.

Beyond that, the group made substantial write-downs in the carrying value of some of its assets, in line with economic circumstances. These amounted to no less than C$54.1m in the fourth quarter, giving Noranda a net loss for the period of C$29.2m.

Earnings from operations were actually higher in the final quarter than a year ago, Noranda said yesterday. This was a result of better market conditions for zinc and natural gas, and full operation of the recently-expanded aluminium reduction plant in the U.S.

The aluminium operation, at New Madrid in Missouri, now has three potlines in production, which boosted capacity by about 50 per cent to 170,000 tonnes a year.

These positive factors were offset in part by the continued weakness in demand for copper, precious metals and lumber.

Full-year sales revenues advanced from C$2.8bn to C$3.1bn, and operating losses for the 12 months were C$5.6m, compared with C$140m in 1982.

The improvement at the operating level came in spite of a C$93.7m deduction as the cost of borrowing net of investment income, a sharp rise on the 1982 figure of C$48m.

Noranda said yesterday that at present, market conditions for the group's products are mixed as the trends affecting the fourth-quarter results have continued into 1984.

Nevertheless, the group expects the recovery in North America to continue this year, with some improvement in Europe and Japan.

Consequently, Noranda is looking for a return to profits this year, helped by an improvement in those areas which are still depressed, notably copper.

About half of the group's annual copper capacity of over 200,000 tonnes is currently closed, with the only production coming from the mines which produce copper in association with other metals.

Mr Alfred Powis, Noranda's chairman, is on record as saying that the idle capacity will not be brought back on stream until the copper price rises to between 80 U.S. cents and 85 cents per pound. It was around 70 cents yesterday.

MINING NEWS IN BRIEF

AUSTRALIA'S Coal and Allied Industries (CAIL), which produces coal in the Hunter Valley area of New South Wales, has reported an operating loss of A$786,000 (£514,000) for the six months to the end of December.

This compares with a profit of A$7m in the first half of the previous financial year. Turnover fell to A$152.5m from A$171.4m a year earlier.

CAIL said that the loss is a direct result of the difficult world market for both coking and steaming coal. In the Japanese market, in particular, there is continuing downward pressure on prices and tonnage, the company said.

* * *

A strike at the Myra Falls precious and base metal mine in British Columbia has not prevented Westmin Resources of Canada from making record net profits for 1983, largely from the successful petroleum division.

Net profits were C$40m (£22.2m) or 66 cents per share, up from C$39.8m or 65 cents in 1982.

Fourth-quarter profits were affected by the strike, with net profits down to C$8.1m or 11 cents from C$10.8m or 20 cents a year ago.

Brascan owns 61 per cent of Westmin.

* * *

The continued poor performance of the world copper price has forced Sherritt Gordon Mines of Canada to announce the impending closure of its Ruttan copper mine in northern Manitoba. The operations of the nearby Fox mine will not be affected.

Ruttan has remained open for the past few months only in response to requests from the Manitoba Government, but Sherritt now says that it will have to close on June 15.

The only ray of hope is a deep-lying block of higher-grade ore which could keep Ruttan in operation. So far, Sherritt has been unable to find a partner, or the promise of government assistance, to help fund the C$30m (£16.7m) this would cost to develop.

TFB exceeds profit forecast at £313,000

PRE-TAX profits of Technology for Business (TFB), computer systems supplier, rose to £312,573 in 1983. This represents an increase of 27.8 per cent over the previous year's £245,000 made by the predecessor company and exceeds by 15.8 per cent the forecast of not less than £270,000, made at the time of the group's USM flotation in July 1983.

Earnings per 10p came out at 9.68p and as predicted, a single dividend of 4.2p net is being paid for the year. Tax took £22,127 and minorities £65 leaving an attributable surplus of £290,381.

Turnover for the period totalled £2.48m. Mr Paul Bion, the chairman, points out that the group achieved nearly a third of its sales volume in the last two months of the year and the levels of accounts receivable and payable reflect this rather than any other factor.

The most active trading period coinciding with the financial year end does create some practical difficulties, he says, and if the pattern continues as the company grows, the board may at some future date need to give consideration to changing the group's financial year.

In November, 1983, TFB acquired Five Technology, which markets a multi-user commercial computer system with standard application software through a dealer network. In the period from the date of acquisition to the year end, it made a positive contribution to group profits.

Since joining the group, Five Technology has already enlarged its dealer network and strengthened its sales team. The board believes that it will make a significant contribution to the group's results in its own right, as well as providing additional outlets through which TFB can distribute its computer peripheral products.

The computer peripherals division itself is seeking to expand its sales volume in the coming year and has recently recruited additional sales staff to achieve this end. During 1983 the group was able to maintain its profit levels here despite the price attrition general in this market, by concentrating its efforts into the higher margin specialist areas.

Within the computer system marketing activity, the group continued to place considerable emphasis on sales to the legal profession. Although Mr Bion says that reliable statistics are difficult to come by, he believes there are grounds for believing that TFB is now the leading supplier to this market.

As a result of increased operational efficiency and the benefit of the group's first third party maintenance arrangements, its engineering services division was able to improve profits during the year.

In the current year, the chairman says the group will continue to look for opportunities to develop the commercial potential of its engineering services side by providing field service facilities to users of other suppliers' computers. In so doing, TFB expects to achieve an increase in income without a proportional rise in costs.

Over the past two years the group has concentrated on developing a secure financial position from which to expand. Mr Bion believes the board is entitled to the view that the coming years will see a profitable expansion of the business.

Lonrho confident that growth will continue

THE OVERALL results of Lonrho, the international trading group, show a healthy rise of 103 per cent in both attributable profits and earnings per share, Mr Roland "Tiny" Rowland, chief executive, tells members in his annual review.

"This is the highest increase for 17 years," he states.

Commenting on prospects for the current year, the chief executive says the group has adequate reasons in the first quarter's figures to feel that 1984 "will continue an upward trend for the company as a whole."

He informs shareholders that the UK-based companies raised profits by over 78 per cent, and were a major contributor to the group's overall rise from £75.1m to £113.2m for 1983.

"This improvement has been shared by nearly all trading activities within the UK and is not limited to a few," Mr Rowland points out. He adds that there is every indication that the UK companies will continue to increase in prosperity.

The group's traditional activities of agriculture and mining performed well while the hotel and casino divisions showed good growth within the group.

The chief executive says that the group also benefits from a substantial increase in House of Fraser's profits and share price. Lonrho's near 30 per cent holding and "the contribution and stimulus provided to the management of the company by our directors has undoubtedly assisted in this improvement."

Mr Rowland adds that the House of Fraser share price continues to reflect the general belief, by shareholders, that the demerger of Harrods is desirable.

The group's balance sheet remains strong with gross assets approaching £1.9bn, which includes cash balances at the year end of £109m. Total net borrowings, excluding those relating to the group's confirming businesses, remained at 30 per cent of gross assets, the same as the previous year.

As known the group's turnover improved by £20m to £2.36bn and the attributable figure amounted to £40.6m, compared with £20m. Earnings per 25p share were 15.5p (7.6p) and the dividend is maintained at 9p net with a final of 6p (5p).

An activity analysis of turnover and pre-tax profits shows: distribution £931.3m (£839.3m) and £17.6m (£12.7m); manufacturing £416.9m (£410.5m) and £14.4m (£12.1m); general trade £363.1m (£355.3m) and £14m (£14.3m); leisure, wine and spirits £281m (£281.7m) and £20.6m (£13.6m); financial services £152.7m (£289.8m) and £10.6m (£8.1m); mining and refining £129.6m (£88.7m) and £29.5m (£12.4m); agriculture £79.9m (£71.1m) and £6.5m (£1.9m).

The same figures by geographical area are split as to: UK £1.35bn (£1.42bn) and £34m (£19.1m); Europe and others £315.6m (£262.4m) and £1.7m (£2.6m); East and Central Africa £317m (£308.4m) and £29.9m (£21.4m); Southern Africa £277.2m (£236.6m) and £25.1m (£18.3m); The Americas £88.9m (£101.9m) and £10.3m (£8.3m); West Africa £2.5m (£2.7m) and £12.2m (£5.4m).

Mr Rowland says that a great deal of management effort has gone into increasing efficiency throughout the group. These have included the disposal of loss-making and low-yielding operations such as Hadfields, the Sir Francis Drake Hotel, and the Sunday Standard newspaper in Glasgow.

Meeting, Grosvenor House, W, March 29, at noon.

BIDS AND DEALS IN BRIEF

On February 24 Mr Brian Reynolds, Mr Paul O'Grady and Mr Stewart Lang sold sufficient of their holding of the nil paid new Micro Focus shares to provide enough cash to take up their rights on the balance of their holdings.

Mr Reynolds, a director, reduced his interest in the nil paid shares by 331,694. He remains interested in 135,738 nil paid (7.9 per cent) and 2.8m fully paid (28.8 per cent).

Mr O'Grady, a director, has sold 161,576 nil paid shares. He remains interested in 67,659 nil paid (3.9 per cent) plus 1.35m fully paid (13.2 per cent).

Mr Lang has sold 80,449 nil paid shares. He remains interested in 32,683 nil paid (1.9 per cent) plus 680,000 fully paid (6.5 per cent).

* * *

In deals worth £9.15m developer Brixton Estate has sold two recently-completed office complexes in London. One was sold to an unnamed investment institution for around £6.6m while the other was purchased by the Civil Aviation Authority superannuation scheme for approximately £2.6m.

* * *

Hanover Investment (Holdings) and Sunlight Service Group have made the disposal by Hanover to National Sunlight Laundries, a subsidiary of Sunlight, of Hanover's subsidiary Brookgreen Launderers and Drycleaners and Worship Investments for £214,000 cash.

Total net tangible assets of the companies at February 28, 1983 were £121,000. Pre-tax profit for the year ended February 28, 1983 was £33,295 on a turnover of £1.2m.

In addition, a small freehold shop was also sold by Hanover to National Sunlight Laundries for a further £25,000.

* * *

Community Hospitals is committing up to £1.5m to acquire and manage the Torbay Clinic, Torquay. It has acquired the majority of the issued share capital of Mount Stuart Nursing Home (Torquay), the company developing the new Torbay clinic. The balance of shares is owned by local medical consultants.

* * *

Headlam, Sims and Coggins has completed the purchase of Carter Pocock, wholesaler of sports and general footwear, which had net assets of £134,431 at December 31, 1983, but is not expected to make a significant contribution to profits in Headlam's current financial year. Price for Carter was £11,000 cash. Headlam has agreed to fund the repayment of £274,000 of Carter's borrowings.

Companies and Markets **BIDS AND DEALS**

Finlan chief resigns and sells shares to Mr Lacey

BY DAVID DODWELL

Mr Stewart Jamieson has resigned as chairman of John Finlan, the Cheshire-based builder and developer, selling his 14.99 per cent stake in the company to Amadeus, the Bermuda-based investment company headed by Mr Graham Lacey.

Mr Jamieson became chairman of Finlan just nine months ago with a brief to accelerate the group's growth by means of acquisitions.

Only one purchase had been planned by Mr Jamieson, in Colorado. Finlan's new chairman, Mr John Finlan, said yesterday that this acquisition would not now proceed, since it "would not be in the interests of the company."

Mr Finlan added: "We just didn't get any impact. The expected expansion that we were interested in just didn't happen on the acquisition side."

It is understood that Mr Jamieson has been heavily committed to rebuilding W. E. Norton, the machine tool distributor and security alarms group of which he is chairman. The group has made losses since 1980. On resignation, Mr Jamieson said he needed "to concentrate and consolidate his other business activities, notably W. E. Norton."

Three non-executive directors that had been nominated to the Finlan board by Mr Jamieson also resigned yesterday. They were Sir Hugh Fraser, Mr John McIlroy and Mr John Metcalf.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Amstrad Consumer Electronics, Common Brothers, Industrial Finance and Investment, Reins Industries.

Finals: Argyle Trust, Blagden Industries, First Scottish American Trust, Donald Macpherson, Miss World, TSL Thermal Syndicate.

FUTURE DATES

Interims—	
Courtney, Pope	Mar 1
Gelliford	Mar 8
HTV	Mar 22
Maynards	Mar 22
Finals—	
Brent Chemicals International	Mar 27
Bunzl	Apr 2
Charterhouse Petroleum	Mar 28
Clarke (T.)	Mar 15
Davies and Metcalfe	Mar 8
Harrison Cowley	Apr 17
Hepworth Ceramic	Mar 21
Heywood Williams	Feb 29
Johnstone's Paints	Mar 5
Molins	Apr 2
Mount Charlotte Investo.	Mar 6
Systems Designers Internatl.	Mar 8
Ratcliffs (Great Bridge)	Mar 1
Telephone Rentals	Apr 26
Watmoughs	Mar 20

Mr Finlan said the company still planned to expand, but that acquisitions would be in the UK rather than overseas.

The purchase by Amadeus of a near-15 per cent stake marks the return to the UK corporate scene of Mr Lacey after an almost two-year absence. His private company, Birmingham & Midland Counties Trust went into receivership in 1982. It was heavily invested in NCC Energy, which made an abortive and eventually high-cost takeover bid for Simplicity Patterns of the U.S.

NCC was wound up by an offshoot of Midland Bank, and was rescued by Mr Ned Cook's Cook International, the pest control and insurance broking business.

Mr Finlan said yesterday that his company "welcomed the acquisition of this large block of shares" by Amadeus.

"We have read everything that has been written about Mr Lacey," Mr Finlan said, "and we have concluded that he has had some bad luck. We have met him several times, and have found him to be serious, sensible and agreeable."

It is understood that Mr Lacey paid just under £800,000 for his 449,999 Finlan shares. On news of the acquisition, the company's shares spurted 13p to close at 188p.

Ladbroke calls off Arizona deal

Ladbroke Group, bookmaking, hotels and property company, yesterday abandoned its $22.17m (£15.05m) offer for Turf Paradise, a race track operator in Phoenix, Arizona.

Ladbroke had made its offer through LG Acquisition Corporation, a subsidiary, which said yesterday that it had decided to terminate its offer to purchase Turf Paradise "because it has determined that numerous terms and conditions of its tender offer of January 20 1984 cannot be satisfied."

Ladbroke said that at a meeting of the Arizona Racing Commission on February 24 it became apparent that the necessary approvals or assurances, which would allow Ladbroke to participate in racing in Arizona, would not be received before the expiration date of the offer.

Ladbroke concluded that the delays caused by the proceedings "would have a material and adverse effect" upon the businesses under offer.

Ladbroke added: "Although the Arizona Department of Racing has had this matter under review for many months, Ladbroke was informed at the meeting by both the racing commissioners and the director of the Department of Racing that their consideration of this matter would continue for at least a minimum of 30 to 40 more days."

"Additional hearings and further delays "of an indeterminable period are likely to occur." LG Acquisition Corporation holds about 5 per cent of the common stock of Turf Paradise and intends to retain its interest.

Ladbroke pointed out that although the offer for Turf Paradise had been withdrawn, the group still had an option to purchase an operating lease, owned by Arizona Downs, a private company which operates the Turf track for half of the 160 days on which racing takes place each year.

The option expires on March 26 but is renewable.

Ladbroke said that the abandonment of the Turf offer was "not the end of the story. But we have had to take a commercial decision because of the long delays. We have now got to wait and see what happens locally. There will be a lot of people in Arizona who will be very disappointed in what has happened."

Jenks & Cattell buying stake in HK company

Jenks & Cattell has acquired a 14.8 per cent stake in Mandarin Resources Corporation, a Hong Kong company quoted on the Kowloon exchange, at a cost of some £730,000 including expenses.

Jenks expects the investment to provide openings for existing group products in the Far East, and provides a low-cost manufacturing base for new products ranges. The group makes systems buildings, pressed components, and garden and edge tools.

Mandarin will pay Jenks for the provision of management services. It is envisaged that Mandarin, in conjunction with Jenks, will produce a range of tools for sale in the Far East and Australasia and other export markets outside the UK.

Mandarin has raised money recently and this will go towards the cost of buying a residential development in Hong Kong. Net assets of the enlarged Mandarin group will be some HK$49m.

Edith

The offers by Investors In Industry for Edith have become unconditional. Acceptances have been received for 53.37m shares of each class (54.36 per cent) which together with the 39.7m shares (39.79 per cent) owned by a subsidiary of Investors before the offers, represents 94.15 per cent of each class of Edith share capital.

Ignore Cluff offer says Oil and Associated

THE directors of Oil and Associated Investment Trust have written to shareholders strongly urging them to continue to ignore the offer from Cluff Oil.

The letter is in response to Cluff's counter on Sunday to Oil and Associated's rejection of its £16m cash bid.

The directors say that:

● Oil and associated shareholders already have interests in a large number of companies which participate in widely diversified oil exploration and production projects. These offer far more likely prospects of producing substantial returns for shareholders than Cluff's highly speculative activities in China.

● Cluff has declined to publish an estimate of profits or losses for 1983 despite nearly two months having elapsed since the end of the financial year.

● The price of Cluff shares has continued to fall since the bid was announced. Taking the touch price at 10 am yesterday of 83p per Cluff "B" ordinary share, and after deducting 3p (estimated by Samuel Montagu to be the value of the proposed subscription warrants) the paper value of the offer is only approximately 93 per cent of the net asset value of each Oil and Associated share and is likely to fall further.

● The stated value of the cash alternative takes no account of capital gains tax which might be payable, or of the amounts which would be deducted under Cluff's formula and which shareholders would incur if they were to re-invest the proceeds in UK equities, which could represent a further 8 per cent of the net asset value of Oil and Associated shares.

In reply to Oil and Associated's comments on the paper value of the offer being worth approximately 93 per cent of net asset value, Cluff Oil said last night that if Oil and Associated shareholders took the Cluff cash alternative worth 102 per cent of asset value, those wanting a broad spread of investments in the oil sector could reinvest in one of the other specialist oil trusts, whose prices were standing at discounts of around 25 per cent to asset value.

Mellins suspended

Mellins, the clothing manufacturer headed by Mr Tonker Sulleyman, called a halt to trading in its shares yesterday after a fall from 52p to 30p.

The suspension was called because the group, which lost £536,000 last year, explained that it is holding discussions concerning a possible re-financing.

The announcement comes against a background of a £619,000 rights issue last April, and Mellins eventual disentanglement from its involvement with Bambers Stores.

FT COMMERCIAL LAW REPORTS

Recent instalments may not be added to original claim for hire

P v D1 AND D2

Queen's Bench Division (Commercial Court): Mr Justice Neill: February 23 1984

A COURT may not, without the consent of both parties, amend a statement of claim to include a new cause of action arising after issue of the writ; and accordingly a claim for unpaid hire instalments will not be amended to include additional instalments which become due after commencement of proceedings, unless both parties consent.

Mr Justice Neill so held when refusing the plaintiff shipowners' application to amend their pleadings in summonses for summary judgment against the charterers and their associated company, in respect of unpaid hire due under two charterparties and under an addendum to the charterparties by which the company took over the charterers' liabilities.

* * *

HIS LORDSHIP said that in 1981 shipowners chartered two of their vessels for five years. The charterparties provided that hire should be paid semi-monthly in advance.

Early in 1982 the charterers experienced cash flow problems and new arrangements were made for the payment of hire. Later in 1982 further changes were made.

Notwithstanding the new arrangements, however, the charterers fell behind with the payments and in 1983 their associated company agreed to take over their rights and liabilities for the next year.

The agreement, which was concluded between the shipowners, the charterers, and the company, was set out in a document called Addendum 3.

The shipowners asserted that in addition to the agreement recorded in Addendum 3 a further agreement was entered into between themselves and the company, on or about May 26 1983.

They claimed that the company agreed that it "would guarantee and pay all outstanding hires due" to the shipowners under the charterparties, and that they would pay in instalments, the fourth of which was due on or before December 15 1983.

All the hire due under the charterparties and in accordance with Addendum 3 had now been paid, apart from an instalment due on February 6 1984.

The question was whether the shipowners were entitled to amend their pleadings so as to claim sums which became due at the beginning of February, the proceedings having been commenced by writs issued on December 20, 1983.

They also sought leave to amend the pleadings so as to claim the fourth instalment under the alleged agreement of May 26 which fell due on December 15 1983. The relevant writs were issued in November 1983.

Mr Haddon-Cave, for the shipowners, submitted that in a case such as the present where hire instalments fell due fortnightly and had been paid late on a number of occasions, it would be just and convenient and cause no hardship to the company to grant leave so that at the date of judgment all outstanding instalments could be taken into account.

Mr Lyon, for the company, argued that the court had no jurisdiction to allow such an amendment.

The power of the court to allow a plaintiff to amend his writ or any party to amend his pleadings "on such terms as to costs or otherwise as may be just . . ." was contained in RSC Order 20 Rule 5. A new paragraph (4) was substituted by SI 1981 No 562.

Mr Haddon-Cave submitted that the powers to allow amendments were very wide and that the court should not give effect to merely technical objections. He said there was no binding authority which prevented such amendments.

He placed strong reliance on *Zea Star Shipping* [FT, *December 14 1983*] where Mr Justice Sheen gave plaintiffs leave to amend their Statement of Claim to add a claim for hire instalments which had fallen due since issue of the writ.

Mr Justice Sheen said: "There are some cases . . . in which common sense demands that the claim be amended because there is no more benefit to a defendant in being served with a fresh writ than there is in being served with an amended claim in an action which has already been commenced."

The force of Mr Haddon-Cave's argument was perceived, but it could not be accepted. Nor could the court follow the persuasive decision of Mr Justice Sheen.

For the purposes of the Limitation Act 1980 it was provided by section 35 that the addition of a new cause of action "shall be deemed to be a separate action and to have been commenced . . . on the same date as the original action."

It had long been regarded as the law, or at any rate as the practice which the courts should follow, that unless both parties consented, a writ and statement of claim could not be amended so as to introduce a cause of action which had arisen since the writ was issued.

In *Eshelby v Federated European Bank* [1932] 1 KB 254 an Official Referee gave leave to plaintiffs to amend their claim to include an instalment for repairs and decorations which fell due after the date of the writ.

Mr Justice Swift said that if real justice were to be done the court should make such amendments in the pleadings as were necessary for the real rights of the parties to be determined.

"But," he said, "here the Official Referee seems . . . to have gone much further than amending the proceedings. He has allowed the plaintiff to bring into this action an entirely fresh cause of action, arising after this action had been started, and he has done that without the consent of the defendants."

After referring to other authorities Mr Justice Swift said at page 262: "I cannot see how, without the consent of the parties, the court can so amend a writ . . . so as to bring in a cause of action which was non-existent at the time the writ was originally issued."

When the case came before the Court of Appeal ([1932] 1 KB 426) the question of the amendment was not pursued, but Lord Justice Scrutton nevertheless indicated his view that to allow the amendment was "contrary to the universal practice."

Mr Justice Swift's judgment was referred to at some length by Lord Justice Stamp in *Robon Jig and Tool* [1979] FSR 130, 141-2. There was nothing to indicate any disapproval of Mr Justice Swift's statement of the practice.

Accordingly, though there was no binding precedent of the Court of Appeal precisely in point, his Lordship considered that as a judge of first instance he should follow what appeared to be a practice of long standing.

He took the view that there was a general rule which prevented a court, except with the consent of the parties, from allowing an amendment which would introduce into the proceedings a cause of action which arose after the date of the issue of the writ.

If that were wrong and he had a power to exercise his discretion, he would have allowed the amendment to include the instalment alleged to be due under the agreement of May 26 1983; and would have refused the amendment to add instalments alleged to be due under Addendum 3; and would have refused to allow any of the new causes of action to be included in any sum for which summary judgment was to be given.

It was submitted on behalf of the shipowners that though there was clearly some dispute concerning the agreement of May 26, the defences disclosed by the company were so shadowy that only conditional leave to defend should be given and security should be required.

On the present evidence it could not be safely concluded that the suggested defences were of little weight or shadowy, and it would be wrong to impose any conditions on leave to defend the claim based on the alleged agreement.

For the company: Victor Lyon (Watson Farley and Williams).

For the shipowners: Charles Haddon-Cave (Holman Fenwick and Willan).

By Rachel Davies
Barrister

Black and Edgington

The board of Black and Edgington (Holdings) believes it would be in the interests of shareholders for the company to purchase up to a maximum of 25 per cent of its 3,756,658 issued 1 per cent convertible participating cumulative preference shares.

The board's present intention is to purchase up to 626,020 convertible shares (16.66 per cent) during the 18 months following shareholders' approval of the proposals, by way of purchases in the stock market in the ordinary way. It wishes, however, to retain the flexibility to purchase these shares by way of a tender offer to all convertible holders

In this event, the board may consider it to the company's advantage to purchase a larger number of shares and authority is therefore being sought to purchase a total of 939,165 convertible shares (25 per cent).

The minimum price will be 150p and maximum will be 20 per cent above the middle market quotation of a convertible share, on the last dealing day preceding the date of the offer in the case of a purchase by way of tender offer, and on the last dealing day preceding the date of purchase in the case of any other purchase.

The board proposes to finance the purchase of convertible shares through available cash resources of £3.605m and where appropriate, through bank borrowings. The cost of purchasing 939,165 convertible shares (25 per cent of the convertible share capital) at the maximum price per share ruling on February 22 1984 would amount to £3.44m.

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	■ J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

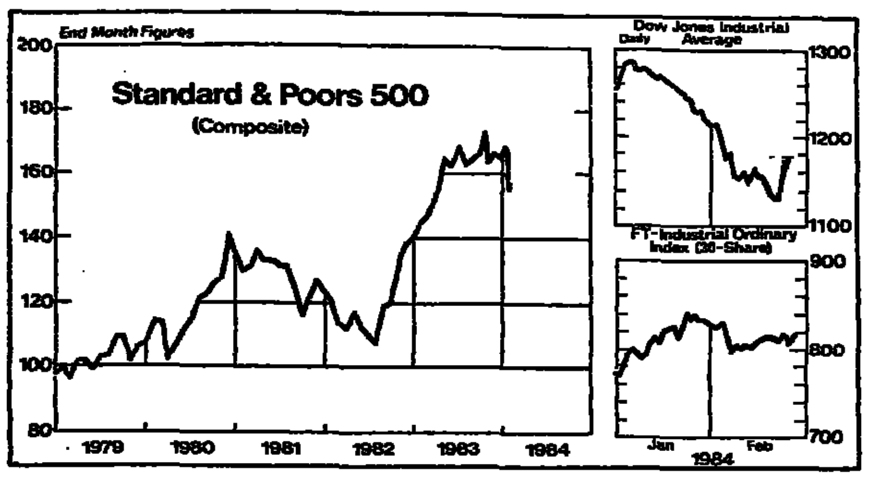
■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months £2,500 9% £25,000, 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES
Tuesday February 28 1984

Three fixed-rate Eurodollar bonds launched, Page 34

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 27	Previous	Year ago
NEW YORK			
DJ Industrials	1179.96	1165.10	1120.94
DJ Transport	520.47	510.89	492.30
DJ Utilities	126.40	125.05	124.82
S&P Composite	159.30	157.51	149.74
LONDON			
FT Ind Ord	819.10	815.80	637.70
FT-A All-share	493.45	491.30	399.35
FT-A 500	527.48	525.38	431.37
FT-A Ind	482.36	479.66	407.82
FT Gold mines	652.50	656.60	563.90
FT-A Long gilt	10.24	10.28	11.22
TOKYO			
Nikkei-Dow	10071.48	10046.05	8045.04
Tokyo SE	779.60	771.73	589.22
AUSTRALIA			
All Ord.	745.90	743.80	506.40
Metals & Mins.	522.50	518.30	461.50
AUSTRIA			
Credit Aktien	55.36	55.53	48.99
BELGIUM			
Belgian SE	141.62	140.93	107.34
CANADA			
Toronto			
Composite	*2422.5*	*2402.00*	*2123.10*
Montreal			
Industrials	426.86	422.45	363.68
Combined	408.95	405.73	353.84
DENMARK			
Copenhagen SE	191.45	197.46	114.67
FRANCE			
CAC Gen	164.30	162.70	107.40
Ind. Tendance	105.90	104.70	113.50
WEST GERMANY			
FAZ-Aktien	354.30	352.48	270.78
Commerzbank	1039.20	1034.50	812.80
HONG KONG			
Hang Seng	1022.85	1048.76	1066.30
ITALY			
Banca Comm.	222.17	219.80	203.02
NETHERLANDS			
ANP-CBS Gen	162.00	158.40	110.50
ANP-CBS Ind	133.10	129.50	97.30
NORWAY			
Oslo SE	247.60	243.64	145.71
SINGAPORE			
Straits Times	1028.84	1022.76	825.29
SOUTH AFRICA			
Golds	989.80	982.70	855.40
Industrials	986.40	984.70	840.30
SPAIN			
Madrid SE	closed	117.40	102.87
SWEDEN			
J & P	1518.66	1531.79	1264.33
SWITZERLAND			
Swiss Bank Ind	371.60	370.50	315.50
WORLD	Feb 24	Prev	Year ago
Capital Int'l	181.40	178.80	162.30

GOLD (per ounce)

	Feb 27	Prev
London	$394.25	$396.50
Frankfurt	$393.75	$395.75
Zürich	$393.50	$395.75
Paris (fixing)	$394.49	$395.65
Luxembourg (fixing)	$394.75	$396.25
New York (March)	$401.80	$396.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Feb 27	U.S. DOLLAR Previous	STERLING Feb 27	STERLING Previous
$	–	–	1.4735	1.4715
DM	2.634	2.6305	3.8825	3.8725
Yen	233.2	233.05	344	343.25
FFr	8.1075	8.1025	11.945	11.92
SwFr	2.1745	2.177	3.205	3.205
Guilder	2.9715	2.9705	4.38	4.3725
Lira	1637	1632.5	2411.5	2401.5
BFr	53.99	53.84	79.55	79.25
C$	1.25375	1.24975	1.8455	1.8385

INTEREST RATES

	Feb 27	Prev
Euro-currencies (3-month offered rate)		
£	9 9/16	9 7/16
SwFr	3¾	3 11/16
DM	5⅞	5⅞
FFr	16½	18½
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 5/16	10¼
6-month U.S.$	10 7/16	10½
U.S. Fed Funds	9 11/16	9⅝
U.S. 3-month CDs	9.70	9.80
U.S. 3-month T-bills	9.17*	9.15

U.S BONDS

Treasury	Feb 27* Price	Feb 27* Yield	Prev Price	Prev Yield
10⅞ 1986	99 27/32	11.00	99 29/32	10.95
11¾ 1991	99 9/32	11.94	99 19/32	11.86
11.75 1993	98 17/32	12.03	98 27/32	11.97
12 2013	98 22/32	12.16	99 6/32	12.10
Corporate	Feb 27		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	94⅛	11.70	92¾	12.05
3⅞ July 1990	68⅝	10.80	68½	10.90
8¾ May 2000	75¾	12.20	74⅛	12.50
Xerox				
10⅞ March 1993	92¾	11.95	91¼	12.25
Diamond Shamrock				
10¾ May 1993	91⅝	12.15	91⅛	12.45
Federated Dept Stores				
10⅛ May 2013	87½	12.20	84¾	12.60
Abbot Lab				
11.80 Feb 2013	96⅞	12.65	93	12.70
Alcoa				
12¼ Dec 2012	96⅞	12.65	94	13.05

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	68–22	69–04	68–20	69–00
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.75	90.81	90.73	90.79
Certificates of Deposit (IMM) $1m points of 100%				
March	90.16	90.24	90.14	90.20
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.01	90.07	90.00	89.97
20-year Notional Gilt £50,000 32nds of 100%				
March	108–20	108–25	108–12	108–14

COMMODITIES

(London)	Feb. 27	Prev
Silver (spot fixing)	648.40p	655.60p
Copper (cash)	£986.00	£976.00
Coffee (March)	£2061.00	£2059.00
Oil (spot Arabian light)	*$28.50*	*$28.50*

WALL STREET

Fears over deficit hold back rally

WALL STREET stocks rose sharply in late afternoon yesterday after President Ronald Reagan had discussed the budget deficit with a meeting of state governors.

The hope of political moves to cut the deficit brought a jump of 15 points in the stock market, although the White House stressed that there had been no change in the President's stance on possible tax increases. Some reports from the governors meeting suggested that the President had said he might consider tax increases in the next fiscal year if Congress approved spending cuts and if this still left a budget deficit, *writes Terry Byland in New York.*

These two bearish pointers came only hours after Mr Martin Feldstein, the White House economics chief, crystallised the market's fears when he commented that there was "no way" the Federal Reserve could reduce long-term interest rates as long as the massive federal deficits continue to loom in the background.

The Dow Jones industrial average, having trod water for most of the session, advanced sharply during the final hour to close just below its best levels of the session, with a net gain of 14.86 points at 1,179.96. Turnover at 99.5m shares was moderate and the late rise reflected some short-covering. Bonds remained lower throughout the session.

At the head of the actives list at one time was Gulf Oil, which added $6⅛ to $68¾ after the board directed its financial advisors to seek all alternatives to the hostile bid from Mesa Petroleum, including alternative bids, or leveraged buyouts. More than 1m shares in Gulf were traded in the first half of the session.

Another major takeover story returned to the market headlines when Tymshare jumped $8¼ to $23½ on the new offer from McDonnell Douglas, which slipped $⅝ to $55½.

Alcan, the world leader in aluminium production, edged forward $⅝ to $35¼ after disclosing that it sees a "significant improvement" in earnings this year.

Of the car makers, General Motors added $⅝ to $70½ and Chrysler at $28¾ gained $⅝ as market analysts weighed the implications of the rise in consumer spending which can be expected to keep car sales on the upward track.

Merrill Lynch, the market's largest securities trading house, which has suffered severely in the shake-out, recovered $⅝ to $27¼.

Some trading houses were willing to pick up lines of stock on the view that the setback has now run its course and presents buying opportunities. But there were still plenty of bears in the market, who focus on the federal deficit and its implications for interest rates.

In the rail sector, Chicago Milwaukee jumped $7¾ to $124¾ after a press suggestion that the group is a takeover target. Chicago Milwaukee is in bankruptcy proceedings but this week brings final bidding for its Milwaukee Road rail unit.

Another firm spot was Dynamics of America, $½ up at $11¾ after disclosing that it will buy the 82 per cent stake in Dale Electronics currently held by Lionel, the toys and sports gear group which is now in bankruptcy proceedings.

In the credit markets, a few bulls emerged, taking the view that the expected slowdown in the U.S. economy in the second quarter of this year would cool off the upward pressures on interest rates.

But a further fall in the bond futures market indicated that the market traders are still bearish because of the weight of securities already sitting in the Treasury portfolios.

The key 2013 long bond slipped to 98 22/32, to show a net fall of 16/32 and yield 12.16 per cent. The five-year Treasury notes due for auction today traded on a when-issued basis at 11.74 per cent, three basis points up from Friday.

Rates moved up at the short end, despite $2.5bn in customer repurchases from the Fed when federal funds stood at 9 11/16 per cent. At 9.22 per cent, three-month T-bills added 5 basis points, with the six-month at 9.28 per cent, up one basis point.

TOKYO

Hesitance remains in background

INVESTORS were hesitant to buy actively in Tokyo yesterday, chiefly because of the uncertain outlook on Wall Street and pressure from an increased buying balance on margin trading, *writes Shigeo Nishiwaki of Jiji Press.*

Nevertheless the Nikkei-Dow average, which recovered the 10,000 level at the weekend, gained 25.43 to 10,071.48 on volume totalling 311.06m shares. Gains outnumbered losses 389 to 282, with 179 shares unchanged.

Investors sought mainly speculative leaders and small-capital incentive-backed issues, such as those reporting good business performance and starting new lines of business. Among non-ferrous metals, Sumitomo Metal Mining added Y40 to Y1,510 and Dowa Mining Y12 to Y603, but volume leader Mitsubishi Metal finished the day Y5 lower at Y555.

As for speculator favourites, Shochiku – which saw its management stabilised with the recent appointment of a new president – drew buy orders, sharply advancing Y58 to Y688. Dainippon Pharmaceutical spurted Y120 to Y3,220.

NGK Spark Plug was heavily bought on reports that the company had developed ceramics with very high performance. The issue scored its maximum gain allowed for a single day of Y100 to Y980.

Kyocera was popular in the morning in the wake of its announcement that the company would initiate a two-for-three stock split at the end of the business year ending in March. It registered a Y330 increase at one stage, but closed the day Y130 higher at Y10,150, with buying interest petering out.

Fanuc and TDK, which are also expected to split their stocks, came under selling pressure, losing Y390 to Y11,160 and Y130 to Y6,720 respectively.

A wait-and-see mood prevailed on the bond market, mirroring fears of a rise in U.S. interest rates. The yield on the benchmark 7.5 per cent government bonds maturing in January 1993 marked time at 7.4 per cent. Daiwa Securities forecast that the yield on bonds with long periods to maturity would continue to fluctuate around that level for the time being.

CANADA

ADVANCES in metals and minerals issues and the oil and gas sector left Toronto ahead, despite an easier tone among gold shares early in the session.

Montreal was also firmer with rises among industrials, utilities and papers offsetting a weaker bank sector.

EUROPE

Search for corporate clarity

THE RECEPTION given on the European bourses yesterday to the sparkle with which New York ended last week was by no means exuberant – although most centres emerged modestly higher, few sharp revaluations were in evidence and volume generally was on the quiet side.

Renewed firmness in the dollar was a restraining factor for many, as was a lack of clarity yet on the trend of European corporate results as the current reporting seasons provided a further smattering of trading indications.

The prevailing sentiment was that Wall Street would have to show an ability to sustain its rediscovered composure before fresh funds would be forthcoming in any significant size.

Foreign activity helped provide selective **Frankfurt** gains, confined mainly to blue chips. Bayer was in particular favour following its dividend increase and share warrants attached to a DM 500m domestic bond launch. It jumped DM 7.30 to DM 174.

Other chemical issues showed more muted advances, as did sectors such as banks and car makers. Siemens was most sought of the electricals, adding DM 4.70 to DM 402.20, while Linde in engineerings surged DM 9.90 to DM 385.

Interest was also shown in stores as the IFO research institute reported a survey of retailers which foresaw prices holding steady over the next three months.

A thin but firm bond market allowed the Bundesbank to sell DM 10.5m of paper, ahead of a new federal loan stock issue due today.

Substantial pockets of weakness remained in **Zurich**, but the Swiss Bank industrials index added 1.1 to 371.6. Ciba-Geigy and Union Bank, which had failed to excite buyers on Friday despite dividend increases, this time each edged up SwFr 10 to a respective SwFr 2,320 and SwFr 3,550.

Brown Boveri, which reported late in the session that it would maintain its payout, ended steady at SwFr 1,500 – as did Crédit Suisse at SwFr 2,355, next of the major banks to report today.

Bonds were quietly steady.

An **Amsterdam** rally took KLM Fl 8 upward at Fl 182 and Royal Dutch Fl 2 better at Fl 152.40. Of the banks Ned Mid added Fl 3 to Fl 174 as it reported improved profits, while ABN revived Fl 7 at Fl 408.

Hoogovens rose Fl 1.90 to Fl 50.40 as subscriptions came in for its one-for-four rights issue, with demand also helped by brokers' recommendations. Fokker, seeking a Japanese partner, gained Fl 2 to Fl 53.

Domestic bond prices added an average 20 basis points, with dealings quiet.

Advances led declines in **Paris** by 122 to 32, two of the most notable being a FFr 32 rise for the Bouygues construction group at FFr 720, and FFr 57 for Roussel-Uclaf in chemicals at FFr 819.

Chantiers Navals France-Dunkerque, halted on Friday because of an excess of buying orders, surged 95 centimes to FFr 8. Schneider was among those on the losing side, off FFr 3.10 at FFr 127.90.

Petrofina led **Brussels** higher, rising BFr 70 to BFr 7,030 but retailer Delhaize, against the trend, slid BFr 190 to BFr 5,100 to eradicate last Thursday's BFr 160 surge.

Fiat was sought in **Milan**, putting on L102 to L4,225 in a generally firm trend which continued in after-bourse trading.

An active bonds session gave Treasury paper selective gains.

Stockholm was almost deserted amid school holidays this week, and such trading as there was left prices weaker on the whole. Alfa-Laval shed SKr 7 to SKr 283 despite its dividend increase.

LONDON

Enthusiasm fails to materialise

DEALERS' enthusiasm over equity market prospects failed to materialise in London as investors gave Wall Street further time to prove whether it could prolong the pre-weekend improvement.

The FT Industrial Ordinary index added 3.3 to 819.1, drawing two points of the advance from Vickers' 12p rise to 157p following results.

The FT-SE index touched 1,044.3 before closing 4.4 higher at 1,041.3.

Low coupon short-dated gilts were mostly successful in regaining their composure, adding up to ¼ although losses of up to ⅛ were also seen. Longer-dated issues generally added ⅛.

Details, Page 27; Share information service, Page 28-29

HONG KONG

SPECULATIVE selling ahead of tomorrow's budget speech left shares easier in Hong Kong although some late short covering helped prices off their lows.

Smaller investors were also said to be unnerved by calls for the colony's future to be debated by the Legislative Council, fearing that any proposals could be rejected by the Chinese, creating friction on the delicate subject.

The Hang Seng index ended down 25.91 at 1,022.85 – its lowest since January 19.

HongKong Land eased 15 cents to HK$3.32 and Jardine Matheson 40 cents to HK$11.80.

SINGAPORE

EARLY selective buying took shares higher in Singapore with investors encouraged by Wall Street's brisk advance on Friday.

However, continued nervousness about the domestic market's resilience to sustain an upturn left issues off their highs. The Straits Times index ended 6.08 ahead at 1,028.84.

Banking shares posted some of the strongest gains while industrial and property issues also closed mostly higher. Other sectors recorded mixed results.

AUSTRALIA

SUPPORT from domestic and Far Eastern investors took shares marginally higher in Sydney, where the All Ordinaries index added 2.1 to 745.9.

Bell Resources fell 10 cents to A$8.30 and the options shed 5 cents to A$3.25 after the Victoria Supreme Court decision that Bell should have issued a prospectus for its BHP share offer.

BHP began its rights issue on the basis of one share at A$7.50 for each nine shares held. It ended down 60 cents at A$13.35.

SOUTH AFRICA

GOLD SHARES ended firm in moderate trading in Johannesburg as investors awaited a new lead from the bullion price.

Of the gold miners, Randfontein Estates fell R2.50 to R192, Buffelsfontein was unchanged at R76 and East Rand Proprietary Mines gained 50 cents to R20.50.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls. 100s	High	Low	Close Quote	Ch'ge Prev. Close
19¾	9⅞	AAR	.44	2.3	23	63	19⅛	18⅞	19⅛	
52⅞	30½	ACF	1.40	2.9	537	x1024	48	44¾	47⅞	+3¼
18⅞	14⅛	AMF	.50	3.4		183	14⅝	14⅜	14⅝	+¼
41¼	21	AMR Co			6	3409	31⅞	30¾	31½	−¼
20⅜	16⅞	AMR	pf2.18	12		70	19⅛	18¾	19¼	−⅛
41½	26⅜	AMR	pf2.13	6.5		320	33½	32½	32⅞	−½
26¾	23⅞	ANR	pf2.67	11		1	24½	24¼	24¼	−¼
16⅞	5⅛	APL			3	26	11⅛	11	11	
55¼	40	ARA	2.05	4.5	10	121	45½	45⅛	45⅛	−⅛
77¼	50¾	ASA	3a	4.4		1481	68½	65½	67⅞	+1⅞
33¼	14⅝	AVX	s .32	1.3	24	378	24	23	24	+⅞
63⅞	40⅛	AbtLab	1	2.3	15	929	43⅞	42⅞	43½	+1
30¼	23¼	AccoW	n.60	2.3	18	23	26⅛	25¾	26⅛	−⅛
27½	17⅛	AcmeC	.40	1.8		33	22¼	22½	22⅝	+⅛
13	6⅞	AcmeE	.32b	3.4	59	25	9½	9⅛	9½	+¼
24⅞	9⅞	AdmDg	.04	.3	11	147	14⅛	13	14⅛	+1⅛
18¼	15⅜	AdsEx	2.11e	13		234	16⅛	15⅝	15¾	
19¼	7⅞	AdmMl	.28	1.5	9	5	17⅞	17¼	17⅞	
18⅝	8⅞	Advest	.12	1.1	10	366	11⅞	10¼	11⅞	+1⅛
37½	15½	AMD	s		36	3241	30¼	29⅛	29½	−¼
24⅝	12½	Aeflex	s		14	49	14½	13⅞	14½	+1
43½	33¼	AetnLf	2.64	7.6	11	2642	35⅛	34½	34⅞	+¼
62¾	56¼	AetL	pf5.23e	9.2		511	57½	56¾	57¼	+½
40½	20¼	Ahmns	1.20	5.4	6	2368	22⅝	21½	22¼	−⅛
[illegible]										

[illegible]

Continued on Page 25

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 26

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

Stock (Closing Prices)	Feb 27	Vam.
AMCA Int.	22⅝	-⅜
Abitibi	25¾	-½
Agnico Eagle	19	+⅝
Alberta Energy	18¾	-
Alcan Alumin	43⅞	+⅞
Algoma Steel	28½	-
Bk Montreal	26⅝	+⅛
Bk Nova Scotia	14⅞	-⅛
Bell Canada	31	+⅛
Bombardier A	17	-
Bow Valley	24⅝	+⅝
B.P.Canada	-	-
Brascan A	38½	-
Brinco	2.34	-0.03
B. C. Forest	12⅞	+⅛
CIL Inc	29¼	-
Cadillac Fairv.	11	-⅜
Can Cement	-	-
Can NW Energy	23¾	-⅛
Can Packers	27½	-½
Can Trustco	47⅞	+⅜
Can Imp Bank	30¾	+⅛
Canadian Pacific	45¾	+⅛
Can. P. Ent.	22⅛	-⅛
Can Tyre A	12	+⅛
Carling O'Kfe	21½	-½
Chieftain	17	+⅛
Cominco	56⅝	-⅜
Cons Bathst A	26¾	+⅛
Costain	9¾	-
Denison Mines	40	-
Dofasco	19	-
Dome Mines	19¾	+⅞
Dome Petroleum	4.1	-0.05
Dominion Strs.	19	-
Domtar	31¾	+½
Falconbridge	63½	+¾
Genstar	25½	-
Giant Y'knife	26½	+½
Gt West Life	310	-
Gulf Canada	18	+¾
Hawk Sid Can	17	-
Hudson's Bay	21¾	-⅛
Husky Oil	10⅛	+⅛
Imasco	-	-
Imp Oil A	37	+⅝
Inco	13	+⅛
Indal	11½	+⅛
Interpr Pipe	29⅛	+⅛
LAC Minerals	-	-
Macmil Bloedel	31⅛	-⅛
Marks & Spencer	14	+⅜
Massey-Ferg	4.4	+0.05
McIntyre Mines	37	+1⅝
Mitel	14¾	+¾
Moore Corp	49¾	-⅛
Nat. Sea Prods A	8	-
Noranda Mines	22½	+⅛
Numac Oil	12⅜	+⅝
Nova Alberta	6⅞	+⅛
Ntbn Telecom	44¼	-⅜
Oakwood Pet	8	-⅛
Pancanadian Pet	23	-
Patino	18	-
Placer Dev't	21⅞	+⅜
Power Corp Can	19⅛	+⅜
Quebec Sturgeon	9¼	+½
Ranger Oil	11½	+⅝
Reed Stenhse A	12	-
Rio Algom	16⅞	-⅜
Royal Bank	32	+¼
Royal Trustco A	26½	-
Sceptre Res	5.13	-
Seagram	43	-
Simpson Sears A	-	-
Shell Can Oil	25⅝	-
Steico	28	+⅛
Teck B	10⅜	+¼
Texaco (Canada)	38	-
Thomson News A	36⅞	-⅛
Toronto Dom Bank	16¼	-
Transalta A	21¾	-
Trans. Can. Pipe	16¾	+⅛
Walker Hiram	25⅞	-
Westcoast Trans	14¾	+¼
Weston (Geo)	65½	+1

AUSTRIA

Feb. 27	Price Sch%	+ or −
Creditanstalt	212	−2
Goesser	327	....
Interunfall	410	......
Laenderbank	215	......
Perlmooser	332	−2
Steyr-Daimler	158	−2
Veitscher Mag	212	......

BELGIUM/LUXEMBOURG

Feb. 27	Price Frs.	+ or −
ARBED	1,480	+30
Banq Int A Lux	5,300	......
Bekaert B	3,525	......
Ciment CBR	2,075	+65
Cockerill	204	−5
Delhaize	5,100	−190
EBES	2,305	+10
Electrobel	5,950	......
Fabrique Nat	2,800	−50
GB Inno BM	3,265	−20
GBL (Brux)	2,350	+20
Gevaert	3,070	+30
Hoboken	5,350	−50
Intercom	1,640	−50
Kredietbank	6,990	−90
Pan Hldgs	9,500	......
Petrofina	7,050	+70
Royale Belge	8,200	......
Soc. Gen. Banq	5,240	+15
Soc. Gen. Belge	1,725	+10
Sofina	5,410	+10
Solvay	3,750	+20
Traction Elect	3,150	......
UCB	4,610	−40
Vieille Mont	4,060	−10

DENMARK

Feb. 27	Price Knr %	+ or −
Aarhus Olie	420	......
Andelsbanken	234	−9
Baltic Skand	600	−30
CopHandelsbank	243	−13
D. Sukkerfab	665	−10
Danske Bank	288	−10
East Asiatic	181	−8
Forenede Brygg.	885	−215
Forenede Damp.	175	......
GNT Hldg.	570	−10
I.S.S.B.	695	......
Jyske Bank	560	−50
Novo Ind	3,580	−35
Privatbanken	285	−4
Provinsbanken	317	−8
Smidth (F)	236	+1
Sophus Berend	1,225	......
Superfos	480	......

FRANCE

Feb. 27	Price Frs.	+ or −
Emprunt 4½% 1973	1,925	−45
Emprunt 7% 1973	9,880	−113
CNE 3%	3,386	+6
Air Liquide	524	+13
BIC	409	+4
Bouygues	780	+32
BSN Gervais	2,539	+4
CIT-Alcatel	1,370	+14
Carrefour	1,535	+30
Club Meditor'n	805	+5
CFAO	564	+14
Cie Bancaire	468	+14
Cofimeg	211	−0.5
Creusot Loire	48.3	+1.1
Darty	809	+22
Dumez S.A.	800	......
Eaux (Cie Gen)	546	+6
Elf-Aquitaine	230	+1
Gen. Occidentale	581	−3
Imetal	81.5	+1.1
Lafarge Coppee	334.5	+2
L'Oreal	2,278	+38
Legrand	1,990	+50
Maisons Phenix	287	+10
Matra S.A.	1,380	−185
Michelin B.	931	+14
Midi (Cie)	1,420	+16
Moet-Hennessy	1,405	−5
Moulinex	92.8	+2.8
Nord Est	51.7	+0.8
Pernod Ricard	700	+20
Perrier	495.5	+5.5
Petroles Fra.	212	+4
Peugeot S.A.	240.1	+3.1
Poclain	67	+0.3
Printemps Au	140	−0.9
Radiotech	370.5	+12.7
Redoute	1,102	+7
Roussel-Uclaf	819	+57
Schneider S.A.	127.9	−3.1
Sefimeg	246	−1
Skis Rossignol	1,530	+31
Telemech Elect	1,630	+35
Thompson (CSF)	321.5	+0.5
Valeo	267	+15

GERMANY

Feb. 27	Price Dm.	+ or −
AEG-Telef	99	+0.1
Allianz Vers	791	−1
BASF	169.9	+2.9
Bayer	174	+5.3
Bayer-Hypo	281	+5.5
Bayer-Verein	345	+1
BHF-Bank	288	−1.5
BMW	420.5	+3
Brown Boveri	230	+0.8
Commerzbank	185.8	+0.1
Cont'l. Gummi	153.5	+1.7
Daimler-Benz	583.2	+3.2
Degussa	380	−3
Demag	146	......
D'sche Babcoc	162.5	−2
Deutsche Bank	386.3	+2.3
Dresdner Bankk.	178.7	+0.7
GHH	140.5	−1.5
Hochtief	490	......
Hoechst	182.5	+0.2
Hoesch Werke	124	−0.5
Holzmann (P)	440	......
Horten	199	+1.5
Kali und Salz	200.5	+2.5
Karstadt	265	+7.2
Kaufhof	243	+0.5
KHD	236.5	−3.5
Kloeckner	69.5	+0.5
Krupp	87	+1
Linde	385	+9.9
Lufthansa	163	+1.5
MAN	139.5	+2.5
Mannesmann	144.8	−1
Mercedes Hld	524.5	+6.5
Metallgesell	245	+3.5
Muench Rueck	1,151	−9
Preussag	276	−2
Rhein West Elect	168	......
Rosenthal	256	+11
Schering	336.5	+3.7
Siemens	402.2	+4.7
Thyssen	88.8	+0.3
Varta	184	+3.8
Veba	175.5	......
V.E.W.	121	......
Verein-West	281	−1
Volkswagen	213.5	−3.4

ITALY

Feb. 27	Price Lire	+ or −
Banca Com'le	36,000	−300
Bastogi IRBS	156.2	−3.8
Centrale	1,740	+15
Credito Varesino	3,099	+9
Fiat	4,223	+102
Finsider	44	......
Generali Assicur	36,750	+250
Invest	3,192	−5
Italcementi	47,990	+310
Montedison	227	+2
Olivetti	4,250	+35
Pirelli Co	3,190	−3
Pirelli Spa	1,750	+10
Snia BPD	1,533	+32
Toro Assic.	12,200	+50
do. Pref.	10,150	+10

NETHERLANDS

Feb. 27	Price Fls	+ or −
ACF Holding	185	+5
AEGON	135	+6.5
Ahold	216.5	+2.6
AKZO	106.5	+4
ABN	408	+7
AMEV	159.8	+7
AMRO	75.4	+0.4
Bredero Cert	194	+4
Bos Kalis Westm.	47.7	+1
Buehrmann-Tet.	67	−5.5
Calland Hldgs.	37.8	+1.1
Credit Lyon's Bk	56.5	+0.5
Elsevier-NDU	522	+7
Gist. Brocades	151.5	+3
Heineken	141	+1.5
Hoogovens	60.4	+1.9
Hunter Douglas	25	+0.9
Int Mueller	37	+2
KLM	182	+8
Naarden	42.1	+1.2
Nat Ned Cert	223.7	+4.7
Ned. Credit Bank	39.5	+0.3
Ned Mid Bank	174	+3
Nedlloyd	115.5	+2.5
Oce Grinten	244	−7.3
Ommeren (Van)	29.8	+0.9
Pakhoed	68	+3
Philips	45.9	+1
Rijn-Schelde	4.1	......
Robeco	329	+4
Rodamco	132.5	+0.2
Rolinco	312.5	+4.3
Rorento	201.9	+0.6
Royal Dutch	152.4	+2
Unilever	246.7	+2.7
VMF Stork	101	+8
VNU	153.9	+4.4
West Utr Bank	125	−1

NORWAY

Feb. 27	Price Kroner	+ or −
Bergens Bank	157.5	+0.5
Borregaard	275	+5
Christiania Bk.	158.5	+2.5
Den Norsk Credit	164	+1.5
Elkem	158.5	+2.5
Norsk Data	275	+5
Norsk Hydro	587.5	+5
Storebrand	205	+6

SPAIN

Feb. 24	Price Pta%	+ or −
Bco Bilbao	280	......
Bco Central	329	−1
Bco Exterior	203	−1
Bco Hispano	240	−2
Bco Santander	288	......
Bco Vizcaya	359	......
Dragados	140	−2
Hidrola	58.8	+0.3
Iberduero	56.2	−0.8
Petroleos	110.2	−3.3
Telefonica	79.7	−0.3

SWEDEN

Feb. 27	Price Kronor	+ or −
AGA	390	+4
Alfa-Laval	283	−7
ASEA (Free)	395	......
Astra (Free)	560	−5
Atlas Copco	125	......
Boliden	400	......
Cardo (Free)	498	−2
Cellulosa	174	−5
Electrolux B	269	−3
Ericsson	366	−2
Esselte	323	−3
Mo Och Domsjo	430	−15
Pharmacia	287	+1
Saab-Scania	367	−3
Sandvik	345	......
Skandia	410	+2
Skan Enskilda	368	−4
SKF	188	......
St. Kopparbergs	725	−5
Sven Handelsbn.	225	−1
Swedish Match	271	−2
Volvo B (Free)	455	+5

SWITZERLAND

Feb. 27	Price Frs.	+ or −
Alusuisse	890	......
Bank Leu	4,475	−75
Brown Boveri	1,500	......
Ciba Geigy	2,320	+10
do. (Part Certs)	1,820	+10
Credit Suisse	2,285	+10
Elektrowatt	2,670	−5
Fischer (Geo)	675	+2
Genevoise	3,750	+50
Hoff-Roche PtCts	103,250	+625
Hoff-Roche 1/10	10,300	+25
Jacobs Suchard	6,675	+25
Jelmoli	1,815	−35
Landis & Gyr	1,385	−15
Nestle	4,950	+10
Oer-Buehrle	1,310	−5
Pirelli	251	−2
Sandoz (Br)	6,975	+75
Sandoz (PtCts)	1,075	−5
Schindler (PtCts)	520	......
Swissair	1,060	+25
Swiss Bank	348	+5
Swiss Reinsce	7,850	−50
Swiss Volksbk	1,475	+5
Union Bank	3,650	+10
Winterthur	3,920	+20
Zurich Ins	17,400	+75

AUSTRALIA

Feb. 27	Price Aust $	+ or −
ANZ Group	5.56	−0.04
Acrow Aust.	1.5	......
Alliance Oil D.	0.33	−0.02
Ampol Pet.	1.7	+0.05
Aust Cons Ind	1.81	−0.02
Aust. Guarant.	2.7	−0.01
Aust. Nat. Inds	2.45	−0.05
Aust. Paper	2.17	−0.01
Bell Group	6.16	−0.04
Bond Corp Hldgs	1.52	......
Boral	3.2	......
B'ville Copper	2.53	−0.04
Brambles Inds	2.90	......
Bridge Oil	3.25	......
BHP	13.35xr	−0.6
CRA	5.54	−0.1
CSR	3.7	−0.02
Carlton Utd	3.82	......
Castlemaine Tys.	4.2	......
Coles (G.J.)	3.35	−0.03
Comalco "A"	3.05	......
Consolidated Pet	11.15	+0.05
Costain Aust.	1.26	......
Dunlop Aust.	1.48	−0.05
E.Z. Inds.	5.44	+0.04
Elders IXL	4.28	−0.02
Energy Res	1.56	......
Gen Prop Trust	1.9	−0.02
Hardie (J.)	3.43	−0.02
Hartogen Energy	2.95	+0.07
Herald W'y Times	3.1	−0.05
ICI Aust	2.06	+0.01
Jimb'lana 50cFP	0.37	+0.01
Kia Ora Gold	0.18	......
Lend Lease	4.8	+0.15
MIM	3.52	+0.14
Mayne Nickless	2.50	......
Meekatharra	0.87	+0.02
Myer Emp.	1.66	−0.01
Nat. Com. Bk.	3.6	+0.06
News	10.6	......
Nicholas Kiwi	3.02	−0.05
North Bkn Hill	2.88	+0.03
Oakbridge	0.92	−0.03
Otter Expl	0.75	−0.08
Pancont'l	1.2	−0.02
Pioneer Conc	1.7	+0.08
Reckitt & Coln	2.65	−0.05
Repco	1.23	+0.01
Santos	7.5	+0.06
Smith (H.)	4.08	+0.03
Southland Min'g.	0.31	......
Spargos Expl.	0.44	......
Thos. Natwide	2.12	......
Tooth	5.00	......
UMAL Cons.	3.66	−0.01
Vamgas	3.25	......
Western Mining	4.12	−0.02
Westpac	3.72	+0.04
Woodside Petrol.	0.93	−0.01
Woolworths	2.54	−0.01
Wormald Intl	3.40	......

HONG KONG

Feb. 27	Price H.K.$	+ or −
Bank East Asia	28.5	+0.1
Cheung Kong	8.65	−0.25
China Light	12.3	−0.4
Hang Lung Devel	2.05	−0.15
Hang Seng Bank	42.5	−0.75
HK Electric	6.3	−0.1
HK Kowloon Wh.	4.15	−0.15
HK Land	3.32	−0.15
HK Shanghai Bk.	8.6	−0.15
HK Telephone	45.50	......
Hutchison Wpa	15.9	−0.4
Jardine Math	11.9	−0.4
New World Dev.	3.35	−0.12
Orient O'seas	2.6	−0.05
O'seas Trust Bk.	5.35	−0.12
SHK Props.	6.65	−0.1
Swire Pac A.	17.2	−0.2
Wheel'k Mard A.	3.5	−0.1
Wheel'k M'time	2.00	......
World Int. Hldgs.	2.17	−0.15

JAPAN

Feb. 27	Price Yen	+ or −
Ajinomoto	1,000	+6
Alps Electric	2,700	−10
Amada	1,230	−40
Asahi Chem	415	+8
Asahi Glass	688	−3
Bridgestone	591	......
Canon	1,490	+10
Casio Comp.	1,510	+40
Chugai Pharm	970	......
Citizen	640	−2
Daiei	684	−1
Dai Nippon Ptg	970	+2
Daiwa House	504	−2
Ebara	534	−1
Eisai	1,170	+1
Fanuc	11,160	−3
Fuji Bank	755	−10
Fuji Film	2,200	−30
Fujisawa	800	......
Fujitsu	1,400	−20
Green Cross	1,610	−30
Hasegawa	590	......
Heiwa Real Est	616	......
Hitachi	855	+7
Hitachi Credit	1,410	−20
Honda	1,040	−20
House Food	791	......
Hoya	1,790	−20
Itoh (C)	280	......
Ito Yokado	1,840	−10
Iwatsu	2,250	−10
Jaccs	574	−9
JAL	5,100	−50
Kajima	300	......
Kao Soap	715	−15
Kashiyama	621	−20
Kirin	555	......
Kokuyo	1,120	−50
Komatsu	492	−8

JAPAN (continued)

Feb. 27	Price Yen	+ or −
Konishiroku	660	−3
Kubota	316	−6
Kumagai	440	−10
Kyoto Ceramic	10,150	−130
Maeda Const	500	......
Makino Milling	1,450	−60
Makita	1,100	......
Marubeni	280	......
Marudai	649	......
Marui	1,220	−20
MEI	1,970	−10
M'ta Elec Works	696	−4
M'bishi Bank	750	......
M'bishi Corp.	523	−5
M'bishi Elec	392	−4
M'bishi Estate	463	−11
MHI	245	−2
Mitsui Co	338	−1
Mitsui Estate	713	......
Mitsukoshi	354	−10
NGK Insulators	708	−18
Nihon Cement	215	+3
Nippon Denso	1,530	......
Nippon Elect	1,430	−10
Nippon Express	281	−2
Nippon Gakki	631	−8
Nippon Kokan	139	−1
Nippon Oil	1,020	−20
Nippon Seiko	595	+25
Nippon Shimpan	725	......
Nippon Steel	163	......
Nippon Suisan	310	−2
NTV	11,500	......
Nippon Yusen	240	......
Nissan Motor	710	+5
Nisshin Flour	455	+5
Nisshin Steel	178	−1
Nomura	728	−1
Olympus	994	−16
Omron Tateisi	1,930	......
Orient Leasing	3,350	+250
Pioneer	3,570	−50
Renown	690	......
Ricoh	1,070	−10
Sankyo	651	......
Sanyo Elect	554	+4
Sapporo	383	−2
Sekisui Prefab	560	+6
Seven-Eleven	7,600	......
Sharp	1,290	+50
Shimadzu	546	−1
Shionogi	711	+6
Shiseido	980	+11
Sony	3,480	−70
Stanley	765	−3
S'tomo Elect	900	+24
S'tomo Marine	289	−8
S'tomo Metal	157	......
Taihei Dengyo	515	−5
Taisei Corp	218	+3
Taisho Pharm.	920	+5
Takeda	700	+1
TDK	6,720	−130
Teijin	385	−4
Teikoku Oil	680	−1
Tokyo Marine	531	−7
TBS	720	−15
Tokyo Elect Pwr.	1,300	−10
Tokyo Gas	166	−4
Tokyo Sanyo	715	−7
Tokyo Style	855	+10
Tokyu Corp	331	+7
Toppan Print	686	−1
Toray	390	......
Toshiba Elect	387	−5
TOTO	555	−10
Toyo Seikan	720	+17
Toyota Motor	1,330	−20
Victor	3,300	+60
Wacoal	749	+24
Yamaha	589	−11
Yamanouchi	1,280	......
Yamazaki	790	−6
Yasuda Fire	250	......
Yokogawa Bdge.	430	......

SINGAPORE

Feb. 27	Price $	+ or −
Boustead Hldgs.	2.84	+0.02
Cold Storage	4.56	−0.02
DBS	10.1	+0.15
Fraser & Neave	6.5	+0.05
Genting	5.7	+0.05
Haw Par. Bros	2.73	......
Inchcape Bhd.	2.98	−0.03
Keppel Shipyard	3.44	......
Malay Banking	10	−0.05
Malay Brew.	6.85	......
Multi Purpose	2.03	+0.01
OCBC	11.2	+0.1
OUB	4.6	+0.04
Sime Darby	2.62	......
Straits St'mship.	1.73	−0.02
Straits Trdg.	5.95	+0.05
UOB	5.65	+0.05

SOUTH AFRICA

Feb. 27	Price Rand	+ or −
Abercom	2.8	......
AE & CI	8.0	−0.05
Anglo Am Coal	26.5	+0.25
Anglo Am Corp	23.8	−0.02
Anglo Am Gold	149.5	+3.5
Barclays Bank	15.8	......
Barlow Rand	16.8	−0.35
Buffels	78	......
CNA Gallo	2.75	−0.05
Currie Finance	5.8	......
De Beers	10.5	......
Driefontein	25.25	......
FS Geduld	34	......
Gold Fields SA	29.75	−0.25
Highveld Steel	5.9	−0.05
Nedbank	15.5	−0.1
OK Bazaars	18.25	−0.25
Protea Hldgs	3.4	−0.05
Rembrandt	24.5	−0.5
Rennies	15.9	......
Rust Plat	14.5	−0.01
Sage Hldgs	6.6	−0.15
SA Brews	7.5	−0.05
Smith C.G.	23.5	......
Tongaat Hulett	11.3	−0.25
Unisec	5.25	−0.10

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER Nasdaq National Market closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 34

Indices

NEW YORK — DOW JONES

	Feb 27	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	1983-84 High	1983-84 Low	Since Compil'n High	Since Compil'n Low
Industrials	1170.98	1165.1	1134.63	1134.21	1139.34	1148.87	1286.64 (6/1)	1134.21 (22/2)	1287.2 (6/1/84)	41.22 (2/7/32)
Transport	520.47	518.05	494.62	494.09	488.53	502.31	612.63 (6/1)	494.62 (23/2)	612.63 (6/1/84)	12.23 (8/7/32)
Utilities	129.4	126.05	123.7	124.88	124.81	124.66	134.83 (6/1)	123.7 (23/2)	163.32 (20/4/69)	10.5 (28/4/42)
Trading vol 000's	99.62	82.6	[illegible]							

	Feb 24	Feb 17	Feb 10	Year Ago (Approx)
Ind div yield %	4.73	4.78	4.71	4.85

N.Y.S.E. ALL COMMON

Feb 27	Feb 24	Feb 23	Feb 22	1983-84 High	1983-84 Low
[illegible]				[illegible]	[illegible]

RISES AND FALLS

	Feb 27	Feb 24	Feb 23
Issues traded	[illegible]		
Rises	[illegible]		
Falls	[illegible]		
Unchanged	[illegible]		

STANDARD AND POORS

	Feb 27	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	1983-84 High	1983-84 Low	Since Compil'n High	Since Compil'n Low
Industrials	180.3	178.25	174.38	174.1	174.33	175.56	194.84	174.1	[illegible]	[illegible]
Composite	159.3	157.51	154.29	154.31	154.64	156.74	188.25	154.29	[illegible]	[illegible]

	Feb 22	Feb 15	Feb 8	Year Ago (Approx)
Ind div yield %	[illegible]			
Ind. P/E Ratio	[illegible]			
Long Gov Bond Yield	[illegible]			

MONTREAL / TORONTO

	Feb 27	Feb 24	Feb 23	Feb 22	1983-84 High	1983-84 Low
Industrials	[illegible]					
Combined	[illegible]					
TORONTO Composite	[illegible]					

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Quote Close	Ch'ge Prev. Close
[illegible]										

NEW YORK CLOSING PRICES

Continued from Page 25

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Quote Close	Ch'ge Prev. Close
[illegible]										

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LONDON STOCK EXCHANGE

MARKET REPORT

Favourable economic surveys and Wall Street rally fail to tempt equity investors

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Feb 13	Feb 23	Feb 24	Mar 5
Feb 27	Mar 8	Mar 9	Mar 19
Mar 12	Mar 22	Mar 23	Apr 2

* "New-time" dealings may take place from 9.30 am two business days earlier.

Two further encouraging surveys of UK economic trends coupled with Wall Street's sharp technical rally on Friday to a seven-month high ensured a firm tone in London equity markets yesterday. Leading shares began the first full session of the new trading Account several pence higher with dealers anticipating that investors would show revived enthusiasm over equity market prospects. Potential buyers, however, would not be rushed into making hasty decisions before yesterday's New York opening.

In the absence of the expected follow-through support, most top quality stocks started to drift back as professional operators realised short-term profits on stock bought for "new-time" only last Friday. Thereafter, business was disappointing and largely concentrated on situation issues, companies either reporting or about to announce trading statements, and a host of weekend Press recommendations.

Vickers drew good support after the group's preliminary figures. The ensuing rise of 12 to 157p added over two points to the FT Industrial Ordinary share index, which closed 3.3 up at 819.1, after having posted a rise of 5.2 at the first calculation of the day. Index constituent ICI were quoted ex dividend but the large net deduction accounted for less than half a point. The FT-SE index touched 1,044.3 before closing 4.4 up on balance at 1,041.3.

Reports that Pension and Life assurance funds might also have their tax privileges on Gilt-edged trading threatened following last week's Inland Revenue decision failed to further unsettle Government securities. The market settled down with low coupon shorts which had borne the brunt of Friday's setback attempting to regain composure. Most were successful, although recoveries were limited to ⅛, but others lost fresh ground, some by as much as ⅜.

Remaining Gilts improved with sentiment helped by last Friday's steadier tendency in U.S. bond values. This followed talk that a Senate committee was making progress towards cutting the Federal Budget deficit and last week's smaller-than-expected rise in U.S. money growth. Longer-dated gilts generally recovered ⅜, although one or two selected issues showed slightly larger gains, while the shorts were around ⅛ better. Unfavourable Press comment triggered selling of index-linked stocks which sustained falls extending to ⅞.

Banks firm

The major clearing Banks were popular ahead of the forthcoming dividend season, which begins on March 5 with Barclays and is concluded on March 9 by Lloyds. Barclays rose 10 to 550p and Lloyds moved up 15 to 605p. NatWest firmed 8 to 748p, but Midland were subdued and managed a gain of only 2 at 395p. Discount Houses attracted selective interest. Union were noteworthy and rose 13 to 738p. Seccombe Marshall gained 10 to 310p and Smith St Aubyn improved a couple of pence to 64p.

Composite Insurances traded cautiously awaiting tomorrow's preliminary results from General Accident and those from Royal Insurance, due the following day. GA, a couple of pence firmer initially, slipped to close unaltered at 445p. Royals finished 2 off at 508p. Despite fears of a possible tax change on Gilt-edged trading gains, Insurances steadied.

Norbain Electronics staged a sparkling debut in the Unlisted Securities Market; the shares, placed at 116p, opened at 160p and moved up to 180p. Aberfoyle Plantations, which has recently undergone a reconstruction, attracted renewed demand and advanced to 42p before closing a net 7 up at 37p.

Situations stocks provided the noteworthy movements in Buildings. London Brick, at 161p, lost Friday's gain of 6 which followed Rowe and Pitman's purchase of 375,000 shares on behalf of Lazard Brothers; Hanson Trust's 165p per share offer for LB closes this afternoon. George Wimpey hardened a penny to 156p on an unconfirmed report that 6m shares had been placed with various institutional clients at around 152p per share. John Finlan closed a net 13 up at 188p, after 192p, following news that Amadeus, a Bermuda-based concern, had contracted to acquire a 14.99 per cent stake in the company from Mr Stewart Jamieson who has given up his position on the Finlan board. Buying ahead of tomorrow's preliminary results lifted Heywood Williams 7 to 157p, while Ward Holdings, still reflecting the excellent annual profits, added 5 more at 98p xd. Derek Crouch moved up 5 to 72p; the annual results are due on Friday.

ICI were quoted ex-dividend and fluctuated narrowly around the opening level of 588p before settling a net 4 off at 584p.

Mellins suspended

Mellins, one of last year's speculative high-flyers until the ill-fated intervention in and subsequent withdrawal from Bambers Stores, provided excitement among otherwise lacklustre Stores; marked down in the wake of adverse weekend Press comment, Mellins touched 28p before dealings were suspended at 30p—a net loss of 22, awaiting details of discussions concerning possible refinancing. A further announcement is expected later this week.

Leading Retailers continued to attract modest interest on hopes of a further increase in consumer spending. Woolworth added 7 more at 385p, while Gussies "A" firmed a few pence to 575p. Habitat Mothercare remained to the fore reflecting persistent talk of a favourable circular in the pipeline to close another 8 dearer at 312p. Currys advanced 13 to 298p, while mail-orders also made progress under the lead of Freemans, 4 better at 106p. Fresh speculative demand lifted Sumrie Clothes 6 to 158p, after 160p.

A relatively active session in Shoes was featured by Stylo, which advanced 20 to 258p with sentiment boosted by weekend comment advising acceptance of the Harris Queensway offer sternly rebuffed by the incumbent Ziff family; HQ rose 6 to 314p. FII, buoyed in recent months by the profits potential of its medical equipment subsidiary, revealed a 76 per cent expansion in interim profits and settled only 3 up on balance at 238p.

Secondary Electricals displayed a number of useful features. A sharply increased interim dividend and profits left Continental Microwave 35 to the good at 435p, while weekend Press mention prompted a rise of 17 to 267p in Crystalate and of 18 to 174p in Electro-Protective. Investment comment also stimulated demand for Audiotronic, 3 dearer at 28p. Reflecting the encouraging tenor of the chairman's statement at the annual meeting, Electronic Machine improved 8 to 46p. Amstrad firmed 4 to 110p awaiting today's interim figures, while BSR, due to report preliminary results on Friday, edged up 3 to 230p. Revived demand in a market none-too-well supplied with stock left Pressac 16 higher at 343p.

Vickers, up 12 at the day's best of 157p, highlighted an otherwise quiet but firm session in the Engineering leaders. Elsewhere, Birmingham Mint stood out with a jump of 27 to 200p following reports of a large put-through at around 195p. Stocks to reflect weekend Press mention included Wellman Engineering, 2½ higher at 17p, Davy Corporation, 3 up at 70p xd, and RHP, a shade firmer at 58p. Victor Products, in contrast, eased 6 to 118p, on lower interim results.

Associated British Foods rose 8 to 168p following a Press suggestion that the shares were due for a re-rating. Other leading Foods also improved with Retailers attracting a little more interest than of late. J. Sainsbury firmed 5 to 460p and Associated Dairies hardened a couple of pence to 148p. Dee Corporation gained 10 to 495p and Kwik Save added 4 to 184p. Elsewhere, Bio-Isolates attracted fresh support and put on 15 to 125p, while buying ahead of Thursday's preliminary results lifted Taverner Rutledge 4 to 44p.

Ladbroke came under late pressure and shed 8 to 227p on news that it had elected to withdraw the Turf Paradise tender offer because terms and conditions could not be satisfied.

Applied comp. rights

Applied Computer rose 30 to 640p, after 670p, following news of the proposed £17.2m net rights issue which accompanied a dividend and profits forecast. Intereurope responded to half-year results with a rise of 15 to 260p, while demand ahead of Thursday's preliminary figures left Consultants 30 higher at 650p. Weekend Press mention stimulated demand for Grovebell, up 2 at 17p, while Chamberlain and Phipps, 86p, and Elson and Robbins, 63p put on 4 and 3 respectively, also on investment comment. News of the acquisition of a 14.8 per cent stake in Mandarin Resources Corporation of Hong Kong prompted a rise of 3 to 57 in Jenks and Cattell, but Technology for Business drifted off to close 3 cheaper at 105p after the interim figures. Cope Allman, awaiting Wednesday's half-year results gained 6 to 96p, and Marley, due to report preliminary results on Wednesday, improved 3 to 92p. Leading miscellaneous industrials drifted higher, but soon drifted back on lack of follow-through support. BOC settled 4 cheaper on the day at 278p and Beecham a couple of pence off at 313p.

GRA Group were again briskly traded and touched 69p before closing a net 2 up at 67p; the preliminary results are due on Thursday. Press comment gave travel concerns a modest boost. Intasun hardened 3 to 180p and Horizon firmed 5 to 170p.

Design consultants Michael Peters rose 4 to 147p following the interim statement.

Quality Property issues attracted fresh demands. Land Securities and MEPC continued to move in harmony and both rose 8 to the common level of 277p; the latter is to participate in the Leamington Spa shopping centre development. Hammerson A moved up 15 to 305p and Capital and Counties firmed 4 to 187p, while British Land added 2½ at 121p. Slough Estates improved 4 to 127p and Brixton Estate firmed 3 to 124p, the latter following the sale of two London office developments for £9.15m. Property Security Investment revived with a gain of 6 to 124p. Among smaller-priced issues, London and Manchester put on 1½ to 17p following an investment recommendation and Whittington Estates added 1½ at 18p.

Shippings were again highlighted by James Fisher which rose 4 to record a two-day advance of 17 to 130p; the company is involved in a consortium hoping to purchase Sealink. Common Brothers firmed a few pence to 100p awaiting today's interim results.

Tobaccos shrugged aside recent worries about possible excise duty increases being contained in the Budget and closed at around the day's best. Bats responded to substantial institutional support and advanced to 194p before settling a net 11 up at 189p; dealings in the group's Canadian associate Imasco were suspended yesterday in Toronto. Imps improved 5 to 143p.

Oils subdued

Apart from initial buying interest directed towards a number of leading onshore explorers and one or two of international companies, oils traded quietly. Among the onshore companies Carless Capel remained a favourite and moved up 2 to 242p, while Premier added a like amount at 57½p. Top quality issues passed a subdued trading session. BP were finally 3 cheaper at 422p, after 428p LASMO a similar amount easier at 310p and Tricentrol and Ultramar down 5 apiece at 190p and 665p respectively. Adverse comment in the weekend Press unsettled Cluff Oil, which slipped 3 to 85p Irish issues fell away at the outset, reflecting adverse Press comment, but rallied to close little changed on balance. Atlantic Resources dropped to around 480p early before recovering to end the day unaltered at 505p, while Aran eased to 65p prior to closing unchanged at 67p. Eglinton responded to a progress report from its Columbian exploration project and moved up 20 to 355p.

Plantations made further progress, albeit in generally restricted markets. Inch Kenneth subject to profit-taking late last week, attracted revived demand and advanced 18 to 638p, while continued merger hopes lifted Hidong 8 more to 151p. Consolidated Plantations hardened a fraction more to 99½p in front of Thursday's half-timer. Teas went higher despite another uninspiring London auction where quality grades eased 5 to 300p per kilo. Assam Dooars rose 15 365p, while Camellia closed 30 higher at 895p. Lawrie, 830p, and Moran, 385p, firmed 10 apiece.

Golds easier

A further decline in the bullion price led to renewed weakness throughout mining markets. South African Golds opened on a reasonably steady note but thereafter encountered persistent small selling pressure and eventually closed at, or around the day's lowest levels. Bullion was finally $2.125 off at $394.25.

The relatively firm opening by Golds reflected a strong rally in late inter-office trading on Friday night amid rumours concerning the Iran/Iraq conflict. Selling yesterday was thought to have represented profit-taking by a number of London sources which chased share price sharply higher last week.

The Gold Mines index fell 4.1 to 652.5. The first batch of March dividends from the gold mines are expected on Thursday when a number of the mines in the Gencor group are due to announce interim payments.

London Financials drifted on lack of interest. Consolidated Gold Fields gave up 3 to 602p ahead of the interim results expected a week today while Charter eased a like amount to 233p. Platinums held steady despite the downturn in golds. Impala closed a fraction harder at £10¼ while Lydenburg were unaltered at 605p despite the increased interim dividend.

Australians lacked a decided trend. CRA rose 8 to 354p in front of the full year figures scheduled for tomorrow and MIM Holdings put on 6 to 226p, but Bougainville retreated to close 6 easier at 162p, despite recent good results. Peko-Wallsend dropped 12 to 364p. Poseidon were a weak spot in Golds, falling 7 to 290p.

Reduced demand for Traded Options saw total contracts struck decline to 2,496—well short of last week's daily average of 4,053. Recent favourite Lonrho and ICI were again to the fore with the former recording 273 calls and 109 puts, while ICI attracted 223 calls and 72 puts. A relatively lively two-way business developed in Commercial Union with 176 calls and 226 puts done. Notable premium changes were few, although Barclays Bank positions made progress in front of next Monday's preliminary results; the May 550 calls rose 5 to 25p.

FINANCIAL TIMES STOCK INDICES

	Feb. 27	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 20	year ago
Government Secs ...	82.49	82.39	82.96	82.95	82.96	82.79	79.45
Fixed Interest	86.81	86.90	86.99	87.04	87.06	87.05	80.69
Industrial Ord..........	819.1	815.8	806.9	816.4	819.3	812.5	637.7
Gold Mines	652.5	656.6	671.0	658.2	632.4	616.9	563.9
Ord. Div. Yield	4.59	4.57	4.63	4.50	4.49	4.53	5.02
Earnings, Yld.% (full)	9.79	9.79	9.53	9.41	9.39	9.46	10.65
P/E Ratio (net) (*).....	13.37	†12.36	12.84	13.0	13.03	12.93	11.38
Total bargains..........	27,000	28,040	22,660	22,720	20,532	23,164	23,698
Equity turnover £m.	—	344.94	300.50	279.85	258.41	204.11	196.24
Equity bargains	—	23,881	21,846	19,023	18,687	19,918	21,359
Shares traded (ml)....	—	196.8	178.3	151.2	146.8	132.4	128.2

10 am 821.0. 11 am 819.1. Noon 819.1. 1 pm 819.4. 2 pm 819.6. 3 pm 819.6.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.64.

†Corrected.

HIGHS AND LOWS

—	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.47 (30/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (31/1/75)
Ind. Ord.	840.5	598.4	840.5	49.4
Gold Mines	734.7	444.5	734.7	43.5

S.E. ACTIVITY

	Feb. 24	Feb. 23
Daily Gilt Edged Bargains ...	188.4	150.3
Equities Bargains ...	154.7	141.6
Value ...	697.2	607.4
5-day Average Gilt Edged Bargains ...	165.6	159.8
Equities Bargains ...	133.9	126.5
Value ...	561.0	529.6

FT-SE 100 INDEX

Close	1041.3	(+4.4)
Day's high	1044.3	(9.47)
Day's low	1038.8	(11.13)

(Base value=1000 January 3 1984)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	75	16	12
Corpns. Dom. and Foreign Bonds ...	7	3	68
Industrials	464	155	796
Financial and Props.	218	44	263
Oils	30	32	59
Plantations	10	2	8
Mines	35	67	70
Others	93	33	67
Totals	932	352	1,343

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 20	Mar 2	May 31	June 11
Mar 5	Mar 16	June 14	June 25
Mar 19	Mar 30	June 28	July 9

For rate indications see end of Share Information Service

Demand for Options remained strong with calls transacted in Mellins, Fleet Holdings, Queens Moat Houses, W. E. Norton, Coats Patons, Raybeck, Amalgamated Estates, York Resources, Premier Oil, Tozer Kemsley and Millbourn, Hawley, Armstrong Equipment, Aberfoyle Plantations, L. Texas, Intervision, Unigroup, Electro-Protective, Sangers, Hogg Robinson, Arlen, Bass, Bats, Whitbread, Southern Gold, Davy, Pressac, House of Fraser, Grovebell, Chamberlain Phipps, John Brown, Metal Sciences, and Solicitors' Law Stationery. Puts were arranged in Bula, Hongkong Land and Atlantic Resources, while a double was completed in Grovebell.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (103)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds	189	+11
Barclays Bank	550	+10
CRA	354	+8
Finlan (J.)	188	+13
Hogg Robinson	172	+1
ICI	584xd	-4
Ladbroke	227	-8
Land Securities	277	+8
London Brick	161	-6
Mellins	30*	-22
Norbain Elect New	180	
Vickers	157	+12

*Price at suspension

FRIDAY'S ACTIVE STOCKS

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 22,265

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Feb. 27. Total Contracts, 2,496. Calls 1,615. Puts 881

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
104⅛	100½	Exchequer 14pc 1984	101	+⅛	13.86	9.29
98⅛	92½	Exch. 3pc 1984	98⅛	+⅛	3.06	9.21
102½	100½	Treasury 12pc 1984	101½xd	+⅛	11.83	9.32
107½	104½	Treasury 15pc 1985	105⅛	+⅛	14.28	9.49
107	101⅛	Exch. 12pc Cnv. '85	102⅛xd	+⅛	11.71	9.57
94⅛	88⅛	Treasury 3pc 1985	93⅛	+⅛	3.21	8.73
102½	99⅛	Treasury 11½pc 1985	102⅛	.....	11.27	9.94
102	95	Treas 8¾pcCnv '85	99⅛xd	.....	8.81	9.18
103⅛	100⅛	Exch. 12¼pc 1985	103⅛	+⅛	11.85	10.01
103½	99½	Exch. 11¾pc '86	102½	+⅛	11.41	10.07
102¼	97¼	Treas 10pc Cnv 1986	100½	+¼	9.94	9.67
90¼	85⅛	Treasury 3pc 1986	88⅛	+⅛	3.39	8.86
101½	97½	Exch. 10½pc Cv '86	101⅛	+⅛	10.38	9.90
105½	100⅛	Treasury 12pc '86	103½	+⅛	11.63	10.36
98⅛	94⅛	Treasury 8¾pc '84-86‡‡	97⅛	+⅛	8.71	9.62
109½	105½	Exch. 14pc 1986	107⅛	+⅛	13.01	10.60
87⅛	84½	Exch 2½pc 1986	85¼	−¼	2.93	8.67
107⅛	103⅛	Exch. 13¼pc 1987	106⅛	+¼	12.46	10.60
100⅛	95⅛	Treas 10¼pc Cnv '87	99½	+½	10.27	10.40
86½	80¼	Exchequer 2½pc 1987	84⅛	+½	2.97	8.64
100⅛	95⅛	Exch. 10½pc 1987	99⅛	+¼	10.57	10.72
93¼	88⅛	Funding 6½pc '85-87‡‡	91⅛	+⅛	7.11	9.72
98½	96	Treas 10pc 1987	98¼	+¼	10.15	10.60
86	80¼	Treasury 3pc 1987	83	.....	3.61	8.99
104⅛	99⅛	Treas 12pc 1987	103⅛	+⅛	11.58	10.75
94⅛	89⅛	Treasury 7¾pc '85-88‡‡	93⅛	+⅛	8.30	9.82
101½	95½	Exch 10½pc '88	99½	+¼	10.55	10.64
98⅛	95½	Treas 9¾pc Conv '88	97⅛	+⅛	10.01	10.50
82	75⅛	Transport 3pc '78-88	80⅛	−⅛	3.73	8.50
96¼	90⅛	Treas. 9½pc '88	95½	+⅛	9.95	10.73
106⅛	95⅛	Treasury 11½pc 1989	102⅛	+⅛	11.19	10.76

Five to Fifteen Years

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103	94¼	Treas 10½pc 1989	101½	+⅛	10.62	10.76
98⅛	96⅛	Exch 10pc 1989	98½	+⅛	10.33	10.78
85⅛	76	Treasury 5pc '86-89	84⅛	−⅛	6.08	8.83
114	103	Treasury 13pc 1990‡‡	110	+¼	11.99	10.99
110⅛	100⅛	Exch. 12½pc 1990	105⅛xd	+¼	11.72	10.99
93¼	86⅛	Treasury 8¼pc '87-90‡‡	91⅛	−⅛	9.23	10.58
66¼	20	Treas 10pc Cv '90 (£65pd)	65½	+⅛	10.36	10.74
108¼	97	Treasury 11¾pc 1991	104⅛	+⅛	11.29	11.09
84⅛	74⅛	Funding 5¾pc '87-91‡‡	83⅛	−⅛	7.11	8.52
104	95⅛	Exch. 11pc 1991	104	+⅛	10.98	10.94
114⅛	102	Treasury 12¾pc '92‡‡	109¼	+½	11.76	11.10
100⅛	88¼	Treasury 10pc 1992	96½	+⅛	10.38	10.69
111⅛	98½	Exch. 12¼pc '92	106¼	+⅛	11.54	11.12
117	106½	Exchequer 13½pc '92	111⅛xd	+⅛	12.03	11.24
114	101¼	Treasury 12½pc '93‡‡	109⅛	+⅛	11.67	11.08

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

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ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
52	32½	MCD Group	50	+1	u1.0	2.2	2.9	22.8
		for MMT Computing see Electricals						
29	16	M.Y. Dart. 10p	25	.....	Z0.25	—	1.3	—
212	134	M'c'r'thy Ph. 20p	150xd	–2	7.0	2.8	6.7	6.6
148	128	Macfarlane Gp.	143	.....	†3.52	2.1	3.5	17.5
46	33	Maclellan 20p	37	.....	d1.5	1.6	5.8	13.3
63	31	Macpherson (D.)	59	.....	4.2	0.6	10.2	(9.4)
56	41	Magnolia Group	55	.....	2.3	3.2	6.0	6.5
72	50	♦Manson Hldgs. 10p	55	.....	—	—	—	58.7
222	65	Man. Ship Can. £1	222xd	+15½	5.5	♦	3.5	♦
92	48	Marley	92	+3	†2.5	0.5	3.9	(81.1)
49½	30½	Marling Ind. 10p	47	–½	†1.08	1.7	3.3	(21.2)
34	25	Marshall L'xy. 'A'	32	–1	‡1.2	—	‡	—
70	44	Marshall's Univ	60	.....	B—	—	—	138.4
32½	23	Martin-Black	30	.....	—	—	—	—
£130	£83	♦Mathesons 7¾%	£108	.....	Q7¾%	2.3	17.2	—
356	154	Metal Box £1	350	+2	†11.55	3.2	4.7	(8.6)
176	104	Metal Closures	176	+4	5.7	1.8	4.6	(11.4)
36½	14	♦Metal Sciences 2½p	25	+3	—	—	—	—
19	6	Metalrax Jenkinson	14	.....	0.01	—	0.1	—
147	70	♦Midland Marts	117	.....	4.0	2.1	4.9	14.0
56	20	Moben Grp 1p	24	.....	†0.19	15.4	1.1	6.0
£271	£150	M'santo 5pc 82-6	£193	+9	Q5%	—	12.6	—
147	76	Morgan Crucible	137	–1	†7.5	0.6	7.8	(4.9)
90	54	Moss (Robt.) 10p	86	.....	†2.0	2.4	3.3	15.9
245	155	♦MMW Computers	222	–1	4.0	4.8	2.6	13.7
67	42½	Nash Inds.	63	–1	4.0	2.2	9.1	7.3
38	11	Neill&Sp'ncer 10p	37	.....	—	—	—	—
64	45	New Equip 10p	45	.....	1.15	6.8	3.6	5.8
73	20	Nolton	56½	.....	1.0	2.9	2.5	19.9
175	117	Norcros	167	+2	b7.0	2.3	6.0	10.0
89	46	Nu-Swift 5p	65#	.....	2.14	1.5	4.7	20.9
240	90½	Oakwood Grp	95	.....	d6.5	—	9.8	—
325	180	Office & Elect	180	.....	7.5	2.8	6.0	8.4
950	700	Oriflame Intl SA	700	.....	†050c	2.2	5.0	9.0

[illegible]

LEISURE—Continued

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
233	139	LWT "A"	229	.....	11.08	[illegible]	[illegible]	[illegible]
♦147	42	Leisuretime Int 10p	45	.....	1.8	[illegible]	[illegible]	[illegible]
55	37	♦MHE Facilities 10p	55	+1	b1.4	[illegible]	[illegible]	[illegible]
142	97	Mngmt. Ag. M. 10p	142	+4	8.75	[illegible]	[illegible]	[illegible]
115	52	Medminster 10p	83	.....	4.4	[illegible]	[illegible]	[illegible]
170	110	♦Miss World 10p	143	.....	b3.0	[illegible]	[illegible]	[illegible]
24½	17½	♦Nationwide 5p	23	.....	[illegible]	[illegible]	[illegible]	[illegible]
128	17	♦Nimslo Int 20c	26	.....	—	[illegible]	[illegible]	[illegible]
128	45½	Norton Opax 10p	115	.....	t2.17	[illegible]	[illegible]	[illegible]
30	22½	♦Owners Abroad	29¼	+¼	0.5	[illegible]	[illegible]	[illegible]
50	35	Photax (Lon.)	44	.....	—	[illegible]	[illegible]	[illegible]
♦147	84	♦Pineapple Dance St 10p	113	.....	d1.5	[illegible]	[illegible]	[illegible]
363	217½	Pleasurama 5p	355xd	+4½	6.5	[illegible]	[illegible]	[illegible]
173	108	♦Radio City 'A' NV	140	.....	5.6	[illegible]	[illegible]	[illegible]
209	122	Riley Leisure 10p	126	–2	†3.95	[illegible]	[illegible]	[illegible]
132	83	Saga Hols. 20p	107xd	+1½	3.75	[illegible]	[illegible]	[illegible]
515	290	Samuelson Grp £1	350xd	+12	d12.0	[illegible]	[illegible]	[illegible]
130	94	Scott. TV 'A' 10p	128	.....	7.35	[illegible]	[illegible]	[illegible]
68	26	♦SelecTV 10p	35	+2	—	[illegible]	[illegible]	[illegible]
29	15½	TSW 5p	29	.....	1.2	[illegible]	[illegible]	[illegible]
110	30	♦TVS N/Vtg 10p	107	.....	2.0	[illegible]	[illegible]	[illegible]
29	19	♦Television Servs 10p	24	–½	b0.2	[illegible]	[illegible]	[illegible]
100	76	Tottenham Hotspur	84	.....	b4.0	[illegible]	[illegible]	[illegible]
144	64	Trid'nt TV 'A' 10p	139	+2	5.5	[illegible]	[illegible]	[illegible]
160	105	♦21st Century Dist	105	.....	—	[illegible]	[illegible]	[illegible]
160	135	♦Tyne Tees TV 'A' £1	159	.....	8.25	[illegible]	[illegible]	[illegible]
25½	14	Webb (Jos.) 5p	22½xd	+1	u0.57	[illegible]	[illegible]	[illegible]
98	75	Zetters 5p	98xd	+1	†3.1	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
81	18	B.L. 50p	66	.....	—	[illegible]	[illegible]	[illegible]
♦68	43	♦Coleman Milne 10p	63	–2	†1.0	[illegible]	[illegible]	[illegible]

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	♦ACM 20c	17	–1	—	—	—
52	28	♦Allstate Expl. NL	38	.....	—	—	—
10½	3¼	♦Asia Oil & Mins.	4¼	.....	—	—	—
40	9	♦Australis Mng. NL	27	.....	—	—	—
35	11	♦Balmoral Res	34	.....	—	—	—
60	29	♦Black Hill Mins.	36	.....	—	—	—
104	51	♦Bond Corp.	98	.....	Q10c	0.7	6.9
183	116	♦Bougainville 1 Kina	162	–6	Q15.56c	♦	6.5
396	204	♦CRA $2	354	+8	tQ3c	—	0.6
145	60	♦Carr Boyd 20c	84	–2	—	—	—
44	25	♦Central Kalgoorlie	36	–1	—	—	—
43	18	♦Central Pacific	22½	.....	—	—	—
9	2¼	♦Cons Gold Mng Areas	3½	–½	—	—	—
17	5	♦Coopers Res N.L.	8	.....	—	—	—
255	183	♦Crusader Oil	205	–5	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

Insurances—continued

Key Inv Fd	—	127.95	....	—
Pcmkr Inv Fd	—	126.46	....	—
Equity Fd	109.86	115.64	....	—
Fxd Int Fd	105.63	111.21	....	—
Propty Fd	102.02	108.44	....	—
Cash Fd	101.43	106.70	....	—
Managd Fd	111.37	117.23	....	—
Col Mut Life (Pension Annuities)				
MPCpA/B	102.09	107.47	+2.93	—
MPInvA/B	102.43	107.84	+3.02	—
Commercial Union Group				
St Helens, 1 Undershaft, EC3. 01-283 7500				
VarAnAcFt25	—	158.87	....	—
VarAnMar2	—	34.48	....	—
Prime Series—Life				
Managed	133.5	140.6	+0.7	—
UK Equity	138.5	145.8	+1.0	—
Int Equity	128.1	134.9	+1.4	—
Property	104.5	110.1	....	—
Fixed Int	112.9	118.9	+0.1	—

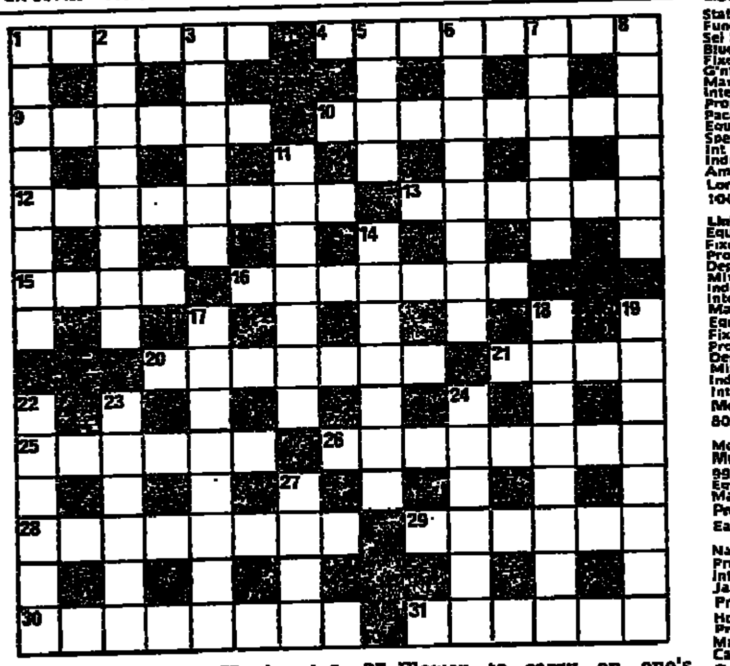
Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

48 Athol St. Douglas, IoM			0624-20845	
Com&FFAc	53.40	55.63	....	—
Com&FFd	53.40	55.63	.	—
Next dealing date Feb 20.				
Citibank (CI) Ltd "Citifunds"				
Green St St Helier.			0534-70334	
U.S. $ Fd		$10.628	+0.003	—

F.T. CROSSWORD PUZZLE No. 5,354



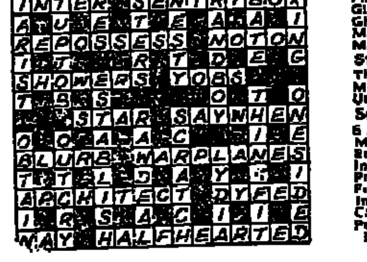
ACROSS

1 & 4 Surcingle, we hear, of champion not in order (6-8)
9 Pancake-talk endlessly (6)
10 Potter, a cinch to embrace French friends . . . (8)
12 . . . or girl next door? Reason it out! (8)
13 Being born without name—here is line to check back (6)
15 Where to find space for parker, backing up (4)
16 Breathing-space under a bridge (7)
20 Place to retire with old illness—plague? (7)
21 Long to ventilate den (4)
25 Bird using middle voice in Latin (6)
26 This bottle is so heavy—more a job for shifter (8)
28 Having tripe for distribution, he will gain (8)
29 Ordinary photographs of moonlighter's equipment (6)
30 Thomas Hardy's poem endures (8)
31 Boxes at lightweight? (6)

DOWN

1 Cocktail nearly gone with rice-beer—try the Japanese port (8)
2 Footmen of childhood railway? (8)
3 It is omitted from merriment in spring term (6)
5 Copies a piece of tapestry (4)
6 Rugby-post for Dr Arnold? (8)
7 Dawdle, having lire to convert (6)
8 Go round, or go round picture-gallery (6)
11 Bowed like Miss Hardcastle? (7)
14 Black spots reported in N. Surrey (7)
17 Morbidly eager always to be in angle (8)
18 Sleeper got in-law problem (5-3)
19 Is Elgar's first included in Wood concerts? Grounds for hope here (8)
22 Tropical fruit grown in hands? (6)
23 Part of daffodil that can be smoked (6)
24 Lupin-raiser and journalistic nobody (6)
27 Flower to carry on one's person (4)

Solution to Puzzle No. 5,353



هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd.

Canada Life Group

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical & Gen. Life Ass. Soc.

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass Ltd

Crescent Life Assurance Co. Ltd.

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Ass. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

Lloyds Life Assurance—cont.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co. (UK)

Merchant Investors Assurance

Minster Investments Ltd.

National Provident Institution

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Mutual Life Assc. Assn.

Prudential Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Mutual Assurance Society

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Pension Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Citicorp Investment Bank (C.I.) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt.

The English Association

Executive Life (C.I.F. Managers Ltd.)

F & C Mngmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Agents

Gartmore Fund Managers (IOM) Ltd.

Assicurazioni GENERALI S.p.A.

Grindlay Henderson Mngt Ltd.

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

N.V. Interbeheer

International Bond Trust

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kleinwort Benson Group

Korea International Trust

The Korea Trust

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Newport International Management

Norway Trust Managers Ltd.

Pacific Basin Fund

Phoenix International

Providence Capital International Ltd.

Quilter/Hoboid Commodities

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Australia Asset Mgt Ltd.

Royal Bank of Canada Funds

Royal Trust Intnl. Fd. Mngt. Ltd.

Save & Prosper International

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt. Jersey

Securities Selection Ltd.

Slater & Friedlander Ldn. Agents

Standard Metal Trust Mngrs. Ltd.

Strategic Metal Trust Mngrs. Ltd.

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Bank (Isle of Man) Ltd.

Tyndall Group

Tyndall International Assurance Ltd.

M. L. Tyrrell & Co. Ltd.

Union-Investment-Gesellschaft mbH

Vanbrugh Fund Mngt. Intl. Ltd.

S. G. Warburg & Co. Ltd. and Subsidiaries

Wardley Group

Westwood Secs (Guernsey) Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses.

COMMODITIES AND AGRICULTURE

Copper prices rise after sharp fall in LME stocks

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose on the London Metal Exchange yesterday following an unexpectedly sharp fall in warehouse stocks. The stocks in the LME warehouses were down by 25,175 tonnes, reducing total holdings to 382,475 tonnes — the lowest level since October last year. The three months higher-grade quotation closed £9.5 up at £1,006.25 a tonne, boosted by some heavy trade purchases in the morning.

LME warehouse stocks have fallen by more than 50,000 tonnes since the five-year peak level reached in mid-January. However, they remain historically high and the market quickly met selling resistance at the higher level.

Zinc stocks continued to fall, declining by a further 2,425 tonnes to a total of 69,825 tonnes —the first time they have been below 70,000 tonnes since last Augus. Aluminium stocks also fell by 2,325 to 205,975 tonnes and tin by 630 to 36,425 tonnes.

Lead stocks rose by 125 to 161,375 tonnes, nickel by 430 to peak of 32,332 tonnes, and LME silver holdings jumped by 1,324,000 ounces to a record total of 47,924,000 ounces.

The fall in zinc stocks was smaller than expected and was a slightly depressing influence. The marginal rise in lead stocks was also disappointing after six weeks of consecutive declines.

Aluminium started the day on a firm note, after its dramatic collapse and recovery on Friday, but eased back in later trading to close marginally lower on the back of follow-through buying interest.

Reuter reports from Bangkok: The Thailand Industry Ministry will soon propose to the Cabinet a policy to control tin production.

Mr Ob Vasuratna, Industry Ministry, said a policy is needed because production is well above the export quotas imposed by the International Tin Council. Thailand's quota for the present quarter is slightly over 4,000 tonnes, but offshore production will be about two to three times higher, he added.

The Minister said companies which have been granted mining concessions but have not yet begun operations will not be allowed to do so until the situation has improved.

EEC farm ministers begin new CAP talks

By Ivo Dawnay in Brussels

EEC FARM ministers yesterday began a two-day round of talks on a comprehensive reform of the Common Agricultural Policy (CAP) in the knowledge that only two further sessions remain before the crucial heads of government summit in Brussels next month.

So far only minimal progress has been made since the disastrous Athens summit in December, when failure to reach agreement left soaring farm spending set to overshoot its Ecu 16.5bn Budget by the early autumn.

This week's agenda covers the whole range of contentious issues from the Commission's prices package, offering an average 0.8 per cent rise, to the milk "super levy" which aims to reduce production from the 108m tonnes forecast this year to a 97.2m tonnes target.

● SALES of liquid milk in England and Wales were up 1.8 per cent in January compared with the same month last year, according to figures published by the Milk Marketing Board. This was the biggest year-on-year rise recorded for many years.

● TRANSPORT ban on livestock, meat and meat products, imposed after outbreaks of foot and mouth disease, has been lifted in the Flevoland and Noordoost Polder areas of the North Central Netherlands, the Agriculture Ministry said.

● FISHMEAL production in Fishmeal Exporters' Organisation countries in 1983 totalled nearly 1.2m tonnes, down 26 per cent from a year earlier, the U.S. Agriculture Department said.

● CANADA'S wheat sales are about 1m tons ahead of last year despite increased competition, Canadian Wheat Board Chief Commissioner Esmond Jarvis said.

Kuala Lumpur Exchange accused of unfair conduct

BY WONG SULONG IN KUALA LUMPUR

A SERIOUS DISPUTE has broken out on the Kuala Lumpur Commodities Exchange, with clients of a trading company accusing senior executives of the exchange and the Kuala Lumpur Commodities Clearing House of unfair conduct.

The clients of Sakapp Commodities have asked the Commodities Trading Council for an investigation through their lawyers, Skrine and Company.

The Sakapp allegations are the most serious attack on the exchange and the clearing house since palm oil futures were introduced in Malaysia three and a half years ago.

The dispute is taking place against the background of hectic trading on the exchange during the past two months, during which crude palm oil prices shot up from R1,640 (£486.64) per tonne at the start of January to a record high of R3,000 in mid-January, only to collapse below R1,600 in recent years.

In its letter to the Commodities Trading Council, copies of which were made available to the press, the Sakapp clients claimed that on February 15, the exchange management had sought and obtained information about their trading positions on the understanding that such information would be confidential.

At that time, the market trend was advantageous to the Sakapp clients.

However, the following day, the clearing house wrote a letter to Sakapp demanding an additional R20m ($8.6m) to cover their positions—the sum to be paid in four instalments of R5m each on February 17, 20, 21 and 22.

Sakapp claimed that the clearing house demand was unreasonable and excessive.

"Our clients believe that the intention behind the demand was to put pressure on Sakapp's customers to liquidate their position without reference to market trends," the letter added.

"Sakapp said it was quite obvious that information obtained by the exchange was, despite the understanding of its confidentiality, passed on to persons at the clearing house.

In response to the allegations, both the exchange and the clearing house issued statements drawing attention to their powers under the Commodities Trading Act, and their respective role in ensuring orderly trading on the market and the financial integrity of its clearing members.

The two organisations also said that in the pursuance of their roles they have to consult each other from time to time and to take appropriate action.

The exchange was launched in October 1980, with Palm Oil Futures as its first activity. Late last year, rubber trading was added and the authorities hope to include tin futures on the market in May or June.

A senior official of the Ministry of Primary Industries said the government took a serious view of the Sakapp allegations and would investigate thoroughly with a view to protecting the integrity of the exchange and clearing house.

North Sea strike by Danish fishermen

By Hilary Barnes in Copenhagen

MOST of the Danish North Sea fishing fleet has returned to port and begun a fishing strike in protest against EEC regulations limiting the proportion of edible fish the trawlers are allowed to catch when taking fish destined to be turned into fish meal and fish oil.

There are so many edible fish, especially herring and blue whiting, in the waters where the Danes go to catch sprats and pout, that is is impossible to stick to the regulations which limit the by-catch of edible fish to 10 per cent, the fishermen claim.

But their claim is being treated with some scepticism here, as the by-catch regulations have not been changed this year.

Mr Poul Toerring, managing director of the Fish Export Association, has angered the fishermen by stating that their action is nothing but a show for the benefit of the media and is designed to put pressure on the Fisheries Minister to obtain better terms in the next round of EEC fisheries negotiations in March.

Two Danish fishermen were fined heavily in Plymouth recently after being caught with a 96 per cent by-catch of mackerel. Partly as a result of these convictions, the fishermen are now saying that the risk of being caught by British fines is so great that they dare not fish at all.

The Danes have the EEC's biggest catch of industrial fish and have been in almost constant dispute with the UK for the past 10 years over the rival merits of fishing for edible fish and for industrial fish.

Rihard Mooney writes: Enforcement of by-catch rules is absolutely essential for the conservation of EEC fish stocks, Mr Nigel Atkins, director-general of the UK's National Federation of Fishermen's Organisations, said yesterday.

India tightens tea export control

BY JOHN ELLIOTT IN NEW DELHI

ALL BULK TEAS sold for export from India outside auction rooms must now be registered as a result of the Indian Government's latest attempt to tighten its central control of the industry and clamp down on black market practices.

An announcement by the Ministry of Commerce which accompanied the official order at the end of last week said the aim was to regularise the records of contracts and the qualities and prices contracted for sales direct from gardens and forward contracts which together total about 40m kg of India's total 200m kg tea exports.

Ministers believe that if they are to try to plan the country's tea output and exports and achieve maximum gains for India's balance of payments, they must have adequate records and must stop producers contracting to sell tea at what the announcement called "very low prices."

Some experts on the industry estimate that contract prices are sometimes agreed for direct garden sales and forward sales at 50 to 60 per cent of market prices, so that the balance can be paid and banked abroad, split between the seller and the purchaser.

In future, direct garden sales and forward sales must be notified within 11 days and will only be registered after the government has checked that the terms match prevailing market prices. Contracts can only last for 90 days, but can then be renewed.

The government has not yet decided whether to allow forward sales of CTC (cut, tear, curl) tea to go ahead for sales agreed before its ban on CTC tea exports was introduced two months ago.

Our Commodities Staff writes: Tea prices were marginally easier at the London weekly auctions yesterday. Indicative prices for quality tea dropped from 305 to 300p a kilo, medium grade from 260 to 258p.

However, low medium teas rose by 2p to 222p and the average price for all teas is expected to be only little changed on last week's figure of 261.28p.

Brokers said the market appeared to be locked in a narrow range at present. Supplies remain scarce and stocks low, but buying interest is not particularly strong, possibly on fears of a drop in consumption as the higher retail prices start to make an impact.

Fowl pest confirmed on Shropshire farm

BY RICHARD MOONEY

FOWL PEST, the disease most feared by poultry producers, has been confirmed on a Shropshire farm.

Movement restrictions have been imposed in the area surrounding the affected farm as a result of the outbreak, the first since April 1978. The 200,000 hens on the site, run by Mr Roger Heal at Butlersbank, Shawbury, near Shrewsbury, are being destroyed. The farm has been sealed off since last Friday, when the disease was first suspected.

The outbreak could be used by Continental governments as an excuse for a ban on imports of British poultry and eggs, especially as Britain's adoption in 1981 of a slaughter and compensation policy in place of vaccination was widely seen as a disguised import ban.

Mr Neville Wallace, director-general of the British Poultry Federation, yesterday denied that this was the motive behind the change of policy and said it would be unreasonable for any country to impose a blanket ban on British poultry products because of the outbreak. Normal policy is to ban imports from farms within 10 km of an outbreak.

Before the slaughter policy was introduced and vaccination was banned, less than 40 per cent of the UK flock was being vaccinated, Mr Wallace said. This provided inadequate protection from the disease and justified the change of policy.

The Ministry of Agriculture said the outbreak involved a "virulent strain" of fowl pest.

Mr Wallace said, however, that it was not one of the strains which was easily transmitted by the wind, so the risk to the country's 35m bird flock was not very great.

Some respiratory forms of fowl pest are usually fatal but the Shropshire outbreak is not one of these. The strain concerned results in loss of condition and reduced egg yield.

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 27 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1500/1550	....	$1530/1560
Copper			
Cash h Grade	£986	+10	£987.75
3 mths	£1006.25	+9.5	£1011.75
Cash Cathode	£973.75	+7.75	£979.5
3 mths	£994.5	+8.5	£998.25
Gold troy oz.	$394.25	-2.125	$389.875
Lead Cash	£278.5	+3	£278.5
3 mths	£287.75	+3.25	£285.75
Nickel	£5026.64	....	£4945
Free Mkt	203/223c	....	207/227c
Palladium oz.	$158.50	-0.5	$158.25
Platinum oz.	£271.10	-1.65	£272.50
Quicksilver†	$290/300	....	$302/308
Silver troy oz.	648.40p	-7.20	589.05p
3 mths	663.40p	-6.60	602.55p
Tin cash	£8395	-2.5	£8625
3 months	£8517.5	-8	£8768.5
Tungsten	$75.07	....	$74.41
Wolfram 22.04lb	$75/79	....	$74/78
Zinc	£665.5	-10.25	£713
3mths	£661.5	-9.25	£704.75
Producers	$1,050	....	$1010

	Feb. 27 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1130v	-30	$1120
Groundnut	‡	....	‡
Linseed Crude	£397	....	£444
Palm Malayan	$660x	-10	$810
Seeds			
Copra Phil	$725w	+5	$720
Soyabean (U.S.)	$306.75z	+6.25	$299.5
Grains			
Barley Fut. May	£120.55	+0.15	£119.95
Maize	£147.00z	....	£145.50
Wheat Fut. May	£124.10	+0.20	£121.40
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1794	-3	£2050
Futures May	£1697	+15.5	£1988.5
Coffee Ft. May	£1931	+2.5	£2082.5
Cotton A Index	87.65c	+0.4	87.60c
Gas Oil Mar	$243.5	+0.75	$260.75
Rubber (kilo)	82p	....	90p
Sugar (raw)	£115.5vu	+1.5	£124
Woolt'ps 64s	470 pkilo	....	488pkilo

‡Unquoted. uApril. zMarch. xMay. vFeb-March. wMarch-April. †Per 75 lb flask. *Ghana cocoa. nNominal. cCents per pound.

LONDON OIL

After opening a shade higher the gas oil market dipped back to unchanged and remained round that level through the morning. A short-lived rally in New York sparked a move to the highs and the market stayed steady until the close. Physicals and external events offered no direction and the trading range remained narrow, reports Premier Man.

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Mar	—		—
Apr	30.43	+0.18	—
May	29.95	+0.10	—
June	30.00	-0.05	—
July	29.90	+0.11	—
Aug	29.90	+0.11	—

Turnover: 0 lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb	243.00	-0.50	245.75-243.0
Mar	243.50	+0.75	243.50-242.0
April	242.25	+1.50	242.25-240.5
May	242.25	+4.00	242.25-236.0
June	240.75	+3.25	240.75-237.0
July	242.00	+3.75	242.00-239.0
Aug	244.00	+3.75	244.00-240.2
Sept	244.00	+1.00	244.00
Oct	245.50	-0.50	—

Turnover: 1,362 (1,664) lots of 100 tonnes.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.45-28.55	—
Iranian Light	27.70-28.00	+0.2
Arab Heavy	26.65-26.80	+0.1
North Sea (Forties)	29.60-29.75	+0.05
North Sea (Brent)	29.70-29.90	+0.05
African (BonnyLi'ht)	29.50-29.80	—
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	275-278	-0.5
Gas Oil	249-254	—
Heavy fuel oil	173-178	+1.5

GOLD MARKETS

Gold fell $2½ an oz from Friday's close in the London bullion market yesterday to finish at $394-394½. The metal opened at $394½-395 and traded between a high of $395½-395¾ and a low of $393¼-393¾. Trading was generally quiet and featureless.

In Paris the 12½-kilo bar was fixed at FFr 102,900 per kilo ($394.49 per oz) in the afternoon compared with FFr 102,900 ($393.66) in the morning and FFr 103,100 ($395.65) on Friday afternoon.

In Luxembourg the dollar per oz equivalent of the 12½-kilo bar was fixed at $394.75 from $396.25.

In Frankfurt gold closed at $393½-394 from $395½-396.

In Zurich gold finished at $393½-333½ compared with $395½-396.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
March	—	—	—
April	397.20-97.50	-2.60	399.10-97.00
June	403.20-04.00	-2.70	406.00-04.00
Aug	410.20-10.80	-3.00	410.50
Oct	417.30-18.00	-2.85	—
Dec	424.50-25.50	-2.25	—

Turnover: 612 (477) lots of 100 troy ounces.

	Feb. 27		Feb. 24	
Gold Bullion (fine ounce)				
Close	$394-394½	(£268¼-268¾)	$396-396¼	(£269-269½)
Opening	$394½-395	(£269-269½)	$398¾-399½	(£271½-272)
Morning fixing	$394	(£268.997)	$396.10	(£266.996)
Afternoon fixing	$393.50	(£267.924)	$395.75	(£269.768)

Gold and Platinum Coins Feb. 27					
Krugrnd	$407-407½	(£276½-277)	King Sov	$94-95½	(£64-65)
½ Krug.	$209½-210½	(£142½-143)	Victoria Sov	$94-95½	(£64-65)
¼ Krug.	$107-108	(£72¾-73½)	French 20s	$78½-80¼	(£53½-54¾)
1/10 Krug.	$43½-44½	(£29½-30¼)	50 Pesos Mex	$487¼-488½	(£331¼-332¾)
Mapleleaf	$406¼-407¼	(£276½-276¾)	100 Cor-Aust	$385-389	(£261¾-264½)
New Sov	$92¾-93¼	(£63-63½)	$20 Eagles	$560-570	(£380½-387¼)
½ New Sov.	$55½-56½	(£37¾-38¼)	Noble (Plat.)	$409½-414	(£279-282)

EUROPEAN MARKETS

ROTTERDAM, February 27.

Wheat—(U.S. $ per tonne): U.S. Two Soft Red Winter March 152, April 153, May 154, June 15/July 15 145. U.S. Two Northern Spring 14 per cent protein March 189.50, April/May 173.75, May 173.75, June 173, July 172, Aug 169, Sept 166.50, Oct 168. U.S. Three Hard Amber Durum April/May 187, June 186, July 185, Aug 182, Sept 175, Oct 177, Nov 182. Canadian One Western Amber Durum April/May 200, June 199, Nov 195.

Maize—(U.S. $ per tonne): U.S. Three Yellow March 151, April 151, May 152, June 152.50, April/June 151, July/Sept 149, Oct/Dec 132.50 sellers. Argentine Plate mid-Feb/mid-March 161, March 158, April/June 151 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports March 299.75, April 298, May 299.50, June 300, July 301.50, Aug 301, Sept 292.50, Oct 277, Nov 277, Dec 280.65, Jan 284.70, Feb 289.20 sellers.

BRITISH COMMODITY PRICES

BASE METALS

COPPER VALUES moved ahead on the London Metal Exchange, boosted by a substantial decline in stocks held in LME warehouses. Forward metal rose from an opening £996 to a high of £1,006.5 prior to closing the late Kerb at £1,002.75. Stop-loss selling lowered Zinc from £673 to £653.5 after £651 while currency considerations unsettled Aluminium and Nickel which closed at £1,008 and £3,195 respectively.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £982, 82.50, 83, 983.50, three months £1,004, 4.50, 4, 3.50, 3, 2, 2.50, 3.50, 4. Cathodes: Three months £994. Kerb: Higher Grade: Three months £1,005, 4.50, 5, 6. Afternoon: Higher Grade: Three months £1,004.50, 5, 5.50, 6.50, 6, 5.50, 6. Kerb: Higher Grade: Three months £1,006, 5.50, 5, 4, 3.50, 3, 3.50, 4, 3.50. Turnover: 24,075 tonnes. U.S. Producers: 68.00-72.00 cents per pound.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	983.5-4	+8	985.5-6.5	+10
3 months	1003.5-4	+8	1006-.5	+9.5
Settlem't	984	+8	—	—
Cathodes				
Cash	972-3	+7	973.5-4	+7.75
3 months	993-4	+8	994-5	+8.5
Settlem't	973	+7	—	......

TIN

Tin — Morning: Standard: Three months £8,550, 45, 40, 35, 30. High Grade: Cash £8,430, three months £8,555. Kerb: Standard: Three months £8,537, 35. Afternoon: Standard: Three months £8,530, 20. Kerb: Standard: Three months £8,515, 10. Turnover: 2,295 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8440-50	+12.5	8420-30	......
3 months	8550-60	-5	8540-50	......
Settlem't	8450	+15	—	......
Standard				
Cash	8405-15	-7.5	8390-400	-2.5
3 months	8528-30	-8.5	8515-20	-5
Settlem't	8415	-5	—	......
Straits E.	$29.15	—	—	......

LEAD

Lead—Morning: Three months £286, 85.50, 85, 85.50, 86. Kerb: Three months £286.50, 87. Afternoon: Three months £286.50, 87, 88, 87.50. Kerb: Three months £287, 86.50, 88. Turnover: 6,750 tonnes. U.S. Spot: 24.00-28.00 cents per pound.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	278-9	+3.65	278-9	+3
3 months	286.5-7	+3.15	287.5-8	+3.25
Settlem't	279	+4	—	......

ZINC

Zinc—Morning: Three months £667, 66, 65, 66, 65.50, 65, 65.50, 66. Kerb: Three months £665. Afternoon: Three months £665, 64, 63, 62, 61. Kerb: Three months £660, 59, 57, 58, 50, 55, 56, 55, 54, 52, 51, 50, 52, 53. Turnover: 10,675 tonnes. U.S. Prime Western: 49.50-51.75 cents per pound.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	670-1	+8.5	665-6	-10.25
3 months	666-.5	-7.5	661-2	-9.25
Settlem't	671	-8	—	......

ALUMINIUM

Aluminium—Morning: Three months £1,023, 2.50, 21, 20, 20.50, 21, 21.50, 21. Kerb: Three months £1,022. Afternoon: Three months £1,017, 16, 15, 15.50, 16.50, 17, 16, 17, 16, 15, 14, 13, 12, 13, 13.50. Kerb: Three months £1,011, 10, 8, 9, 8, 7, 7.50, 7, 6.50, 6, 6.50. Turnover: 25,400 tonnes.

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	996.5-7	+25.2	988-9	-3
3 months	1021.5	+28.7	1013-4	-1.25

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3137-8	......	3127-8	-15
3 months	3210-2	......	3204-5	-8.5

Nickel—Morning: Cash £3,140, 37, three months £3.20, 10. Kerb: Three months £3,212. Afternoon: Cash £3,141, three months £3,218, 10, 05, 04, 05. Kerb: Three months £3,200, 3,195. Turnover: 1,818 tonnes.

SILVER

Silver was fixed 17.2p an ounce lower for spot delivery in the London bullion market yesterday at 648.4p. U.S. equivalents of the fixing levels were: spot $9.525, down 9.9c; three-month $9.769, down 8.8c; six-month $10.019, down 9.4c; and 12-month $10.536, down 11.2c. The metal opened at 650-653p ($9.53-$9.56) and closed at 648-651p ($9.52-$9.55).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	648.40p	-7.20	648.25p	-7.25
3 months	663.40p	-6.60	663.5p	-7.25
6 months	678.35p	-6.95	—	......
12months	708.80p	-7.70	—	......

LME—Silver (2,000 oz contract): cash 648.25p (655.5p); three months 663.5p (670.75p). Turnover: nil (nil).

Turnover: 64 (128) lots of 10,000 ozs. Morning: large three months 664.0, 63.5. Kerb: untraded. Afternoon: large three months 662.0, 62.5, 65.0. Kerb: three months large 664.0, 63.0, 62.0, 63.0.

COCOA

Futures mostly traded quietly and lower. During an active final hour prices rallied as talk of a deficit larger than generally expected sparked off short-covering. Origins were withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1668-69	— 3.0	1670-60
May	1696-98	+15.5	1698-68
July	1699-00	+22.0	1700-67
Sept	1693-97	+23.5	1696-64
Dec	1692-96	+30.5	1698-59
March	1694-95	+31.0	1698-69
May	1680-99	+29.5	1655

Sales: 4,738 (4,977) lots of 10 tonnes.

ICCO Indicator prices (U.S. cents per pound). Daily prices for Feb 27: 110.59 (109.21); five-day average for Feb 28: 108.97 (108.96).

COFFEE

With no fresh incentive, Robustas had a fairly featureless day in very moderate volume, reports Drexel Burnham Lambert.

COFFEE	Yest'day's Close	+ or —	Business Done
March	2060-62	+2.0	2070-55
May	1930-32	+2.5	1942-29
July	1864-65	-3.0	1867-54
Sept	1806-08	-7.0	1820-10
Nov	1777-78	-5.5	1790-77
January	1741-49	-6.0	1760-50
March	1718-15	-4.0	1723-11

Sales: 1,297 (3,315) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) fob February 24: Comp. daily 1979 142.19 (141.98); 15-day average 140.86 (140.75).

GRAINS

Old crops began the day a little easier on a continued, large wheat tender but gradually improved on country buying to close at the day's highs. New crops were quiet and mixed, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar	121.45	+0.05	120.00	+0.10
May	124.10	+0.20	120.55	+0.15
July	126.15	+0.20	—	—
Sept	109.00	+0.20	106.50	-0.10
Nov	111.35	-0.10	108.60	-0.05
Jan	114.30	-0.05	111.55	-0.10

Business done — Wheat: March 121.45-1.10, May 124.05-3.60, July 126.10-5.70, Sept 109.00 only, Nov 111.40-1.35, Jan untraded. Sales: 152 lots of 100 tonnes. Barley: March 120.00-19.90, May 120.55-20.30, Sept 106.50 only, Nov 1:: 55 only, Jan 111.55 only. Sales: 55 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: E. Mids 118.60, N. East 119.30, Scotland 120.10. The UK monetary coefficient for the week beginning Monday February 27 (based on HGCA calculations using 4 days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Feb 139.00, March 139.50, April/May 128.75 trans shipment East Coast sellers. English feed fob Feb 125, March 126 East Coast sellers. Maize: French 1st half March 147 seller East Coast. Barley: English feed fob Feb 121.50, March 123.00 sellers East Coast. Rest unquoted.

POTATOES

Long liquidation prior to the expected PMB stock figure today eroded initial gains of around £2.000. An easier Dutch market contributed to further fall in the afternoon, but light profit-taking lifted prices off the lows, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
April	207.00	211.50	215.50-205.5
May	236.50	243.00	245.00-235.5
Nov	78.00	79.00	79.00
Feb	88.00	88.50	—
April	106.00	107.00	107.00

Sales: 1,116 (1,643) lots of 40 tonnes.

RUBBER

The London physical market opened easier, attracted some interest at the lower levels and closed on an uncertain note, reports Lewis and Peat. The Kuala Lumpur March fob price for RSS No 1 was 253.25 (255.5) cents a kg and SMR 20 241.0 (same).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Apr	820-830	810-840	—
May	828-830	827-832	—
Apl-Jne	828-830	827-830	831
Jly-Sept	860-861	858-859	861-851
Oct-Dec	876-880	874-875	—
JanMch	891-896	889-894	—
Apl-Jne	908-916	905-915	—
Jly-Sept	925-935	920-940	—
Oct-Dec	940-965	931-975	—

Sales: 65 (31) lots of 15 tonnes; nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) spot 82.00p (same). April 83.50p (84.00p). May 84.50p (85.00p).

SOYABEAN MEAL

The market opened 50p up in quiet trading, reports T. G. Roddick. Prices eased on trade selling.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
April	150.90-51.60	-1.15	152.80-51.70
June	154.50-55.00	-0.90	155.00-54.70
August	155.50-56.10	-0.70	157.00-56.00
October	157.00-57.80	-0.75	—
Dec	159.00-59.40	-0.75	160.00-59.00
Feb	161.00-65.00	-0.25	—
April	162.00-65.50	-0.75	—

Sales: 76 (78) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £115.50 ($169.00), up £1.50 a tonne for Feb-March-April shipment. White sugar $187.50 unchanged.

No. 4 Contract	Yestday's close	Previous close	Business done
	£ per tonne		
Mar	116.00-16.75	117.00-17.25	120.00-15.50
May	125.60-25.75	124.50-24.55	124.50-25.25

No. 6 Contract	$ per tonne		
Mar	172.00-72.60	173.60	175.80-71.80
May	182.00-82.20	182.80-83.00	185.00-81.00
Aug.	194.00-94.20	194.40-94.60	194.60-93.00
Oct	201.20-01.60	201.20	201.60-00.00
Dec.	207.80-08.40	208.20-07.00	—
Mar.	126.60-23.80	123.20-23.41	123.40
May	150.80-31.80	150.20-31.40	—

Sales: No 4 656 (2,213); No 6 850 (2,195) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £221.50 (£220.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Feb 24: Daily price 6.64 (6.56): 15-day average 6.60 (6.63).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 10 tonnes. Buying remained at a low ebb with only minimal evidence of fresh demand. Users adopted a very cautious tone and activity was confined to scattered interest in African and other American type qualities.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Mar 420, 430, nil; May 436, 445, nil; Aug 470, 473, 469-466; Oct 470, 471, 471-466; Dec 470, 472, 472-467; Jan 470, 472, 472-470; Mar 475, 480, 478-475; Mar 480, 481, 481-478; Aug 491, 492, 491-489. Sales: 88.

SYDNEY GREASY WOOL — Close (in order: buyer, seller, business). Australian cents per kg. March 563.1, 564.0, 563.1-563.0; May 578.0, 580.0, untraded; July 593.0, 593.0, 593.0-592.0; Oct 576.0, 579.0, untraded; Dec 583.0, 584.5, 584.0-583.0; March 593.0, 599.0, untraded; May 605.0, 611.0, untraded; July 620, 627.0, untraded. Sales: 28.

JUTE

JUTE—C and F Dundee, BWC $529, BWD $518, BTB $549, BTC $529, BTD $518; C and F Antwerp BWC/BTC $531, BWD/BTD $520. Bangladesh export price controls raised $10-20 per tonne. C and F Dundee Feb 40 in 10 oz £18.86, 40 in 7.5 oz £14.29; B twills £54.92.

TEA AUCTIONS

LONDON TEA AUCTION — 35,277 packages were on offer, including 2,800 packages in the offshore section. Demand continued good and general colouty Assams were firm to dearer but others were inclined lower, with brokens meeting a selective inquiry. Dooars sold readily at often dearer levels. Better Sylhets advanced but poorer sorts moved lower. Best East Africans were firm but mediums lost 2-4p, with dusts a weak feature. Central Africans were firm. Offshore teas came to a firm to dearer market. Quotations: quality 300p a kg (305p), medium 258p a kg (260p), low medium 222p a kg (220p).

INDICES

FINANCIAL TIMES

Feb. 24	Feb. 23	M'th ago	Y'ar ago
291.27	291.68	295.71	259.93

(Base: July 1 1952=100)

REUTERS

Feb. 26	Feb. 24	M'th ago	Y'ar ago
1954.6	1951.5	1995.7	1706.8

(Base: September 18 1931=100)

MOODY'S

Feb. 24	Feb. 23	M'th ago	Yearago
1052.0	1053.4	1049.80	1061.8

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Feb. 24	Feb. 23	Month ago	Year ago
Spot	139.54	139.53	139.10	145.17
Fut's	143.15	143.07	136.12	143.08

(Base: September 18 1931=100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0-84.0; English hindquarters 90.5-93.5, forequarters 58.0-62.0. Veals—Dutch hinds and ends 127.0-132.0. Lamb—English small 82.0-88.0, medium 80.0-86.0, heavy 76.0-80.0; Imported: New Zealand PL 58.3-59.3, PX 55.5-56.5. Pork—English under 100 lb 55.0-58.5, 100-120 lb 53.0-57.0, 120-160 lb 46.0-54.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.66p per kg lw (+0.65). GB—Sheep 200.57p per kg est dcw (+4.98). GB—Pigs 84.32p per kg lw (+3.09).

COVENT GARDEN — Prices for the bulk of produce in sterling, per package unless otherwise stated. English produce: Apples—Per pound, Cox's 0.18-0.30, Ida Red 0.14-0.16, Golden Delicious 0.10-0.12, Bramley 0.17-0.24, Laxton 0.12-0.15. Pears—Per pound, Comice 0.15-0.20, Conference 0.10-0.20. Potatoes—Whites 4.40-4.80, Edwards 5.20-5.60, Bakers 7.00-7.50. Mushrooms—Per pound, open 0.50-0.60, closed 0.70-0.80. Lettuce—Per tray round 1.80-2.50. Cucumbers—English 6.00-6.60. Onions—Per 55-lb 5.40-6.50. Cabbages—Per 25-lb Celtic 2.60-2.80, Jan King 3.00-3.20. Beetroots—28-lb round 1.60-1.80, long 2.60-2.80. Turnips—28-lb 2.00-2.50. Swedes—28-lb 1.20-1.50. Sprouts—Per pound 0.10-0.15. Carrots — 28-lb 1.40-2.80. Greens—30-lb Kent 5.00-5.50; Cornish 7.00-7.50. Parsnips—28-lb 2.00-2.40. Leeks—Per pound 0.18-0.22. Rhubarb—Per pound 0.28-0.30. Tomatoes—Per pound 0.35-0.45. Cauliflowers—Kent 3.80-4.00.

Imported produce: Ortaniques—Jamaican: 5.60-6.00. Ugli Fruit — Jamaican: 8.00-11.50. Minneolas—Jaffa: 12-kg 4.60-5.70; Cyprus: 4.80-5.20. Satsumas — Spania: 3.00-3.80. Wilkings—Spania: 4.80-5.00. Kara—Spania: 4.80-5.00. Clementines—Spania: 82/120 4.80-5.20, 132/168 4.60-4.80, 182/210 4.40-4.60. Oranges—Spania: 4.20-5.00; Moroccan: Sanguines 3.60-3.80; Jaffa: Shamoutis 20-kg 60 5.90, 75 5.90, 88 5.60, 105 5.45, 123 5.20, 144 4.75, 168 4.90, Hadar 60 5.30, 75 5.30; Cyprus: Ovals approx 15-kg 3.50-4.00; Cuban: Tropical 72 5.80-6.00; Italian: Blood 3.60-3.80. Lemons—Italian: carton 4.00-4.50; Cyprus: 10-kg boxes 2.50-3.60; Greek: 15-kg 4.00-5.00; Spania: 5-kg 1.50-1.60; Jaffa: 3.50-5.00; Moroccan: 4.00-4.20.

AMERICAN MARKETS

NEW YORK, February 27.

Precious metals rallied moderately on reports of Iraqi attacks against Kharg Island and Gulf shipping; the prospects of further escalation in this conflict and possible extension to other Gulf states led to active short-covering, reports Heinold Commodities. Copper prices were moderately higher on arbitrage support against higher sterling late in the day. Aluminium was under continued pressure as adequate spot supplies pressured the market. Sugar drifted lower on long liquidation ahead of the March contract expiration. Coffee finished unchanged in a featureless market with very light speculative support. Cocoa rallied on arbitrage buying after a weak opening and finished moderately higher. Cotton prices were strong as current deliveries on the March contract were all stopped by a private trading house. Grains and soyabeans finished mixed on a late rally related to a better tone in the currencies; cash markets continued strong with limited movement in the country.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
March	69.75	69.80	69.00	69.80
April	70.20	—	—	70.25
May	70.70	70.80	69.95	70.70
July	71.80	72.00	72.00	71.80
Sept	72.85	73.20	73.20	72.80
Dec	74.35	—	—	74.30
Jan	74.85	—	—	74.80
March	75.85	—	—	75.80
May	76.85	—	—	76.80
July	77.85	—	—	77.80

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2468	2485	2386	2417
May	2397	2405	2326	2346
July	2380	2389	2308	2332
Sept	2370	2388	2300	2316
Dec	2350	2365	2285	2312
March	2287	2290	2287	2307

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	147.98	47.98	47.60	47.88
May	143.45	43.90	42.75	43.33
July	137.90	38.10	37.30	37.90
Sept	134.43	34.45	33.95	34.28
Dec	131.51	31.00	31.00	31.15
March	128.68	—	—	28.63
May	125.88	—	—	26.00
July	124.51	—	—	24.35

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
March	65.10	65.50	64.60	64.70
April	65.80	—	—	65.40
May	66.45	66.80	66.00	66.05
July	67.80	68.25	67.30	67.40
Sept	69.15	69.60	68.75	68.75
Dec	71.15	71.45	70.70	70.75
Jan	71.85	71.50	71.50	—
March	73.20	73.60	72.85	72.80
May	74.56	74.75	74.30	74.15
July	75.90	76.16	76.00	75.50

COTTON 50,000 lbs, cents/lb

	Latest	High	Low	Prev
March	78.68	78.85	77.66	78.00
May	78.60	78.79	77.70	78.02
July	78.70	78.87	77.90	78.27
Oct	74.85	75.25	74.50	74.65
Dec	73.45	73.64	73.05	73.27
March	74.75	—	—	74.30
May	75.50	—	—	74.95
July	76.00	—	—	75.25

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
April	30.91	31.10	29.97	30.10
May	30.70	30.91	29.81	29.91
June	30.60	30.80	29.73	29.80
July	30.50	30.73	29.68	29.73
Aug	30.35	30.35	29.60	29.65
Sept	30.30	29.75	29.60	29.50
Oct	30.25	—	—	29.50
Nov	30.25	—	—	29.50
Dec	30.20	—	—	29.50
Jan	30.25	—	—	29.50

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	401.8	401.5	398.5	398.5
April	405.0	406.0	396.6	398.5
June	411.8	413.0	403.2	406.2
August	418.8	420.0	410.0	413.1
Oct	425.9	425.0	420.0	420.1
Dec	433.4	434.0	424.5	427.5
Feb	441.1	439.0	433.0	398.0
April	448.9	445.0	445.0	442.9
June	457.1	456.0	454.5	450.9
August	465.5	—	—	458.2
Oct	474.2	—	—	467.9
Dec	483.0	481.5	476.0	476.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
March	80.45	81.50	77.85	78.08
April	78.94	78.94	76.50	76.94
May	78.02	78.02	75.75	76.02
June	77.66	77.86	75.65	75.86
July	77.65	78.26	76.10	76.25
August	78.10	78.35	76.75	76.35
Sept	78.75	77.35	77.35	77.35
Oct	80.15	—	—	78.15
Nov	80.95	—	—	78.95
Dec	81.86	79.50	79.50	79.85

ORANGE JUICE 15,000 lb, cents/lb

	Latest	High	Low	Prev
March	165.50	66.80	65.35	66.15
May	165.75	67.20	64.80	63.20
July	164.45	65.00	63.50	62.35
Sept	163.75	64.00	62.50	61.90
Nov	160.40	60.75	59.70	58.90
Jan	158.10	57.25	56.00	56.10
March	156.00	57.00	56.60	56.10
May	156.00	—	—	56.10

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	409.2	410.0	401.0	404.0
July	416.0	417.0	407.5	410.6
Oct	423.2	423.0	415.0	417.4
Jan	430.5	429.0	422.5	424.4
April	438.0	434.0	429.5	431.4
July	438.0	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	990.0	991.0	953.0	962.0
April	973.0	—	—	970.3
May	1005.0	1010.0	965.0	978.7
July	1023.4	1030.0	982.0	995.7
Sept	1040.9	1042.0	995.0	1013.0
Dec	1067.7	1073.0	1025.0	1039.6
Jan	1076.7	1058.0	1032.0	1048.5
March	1095.0	1088.0	1050.0	1067.0
May	1116.0	1110.0	1070.0	1088.5
July	1136.5	1147.0	1100.0	1106.5

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	6.61	6.73	6.61	6.68
May	6.99	7.06	6.98	7.06
July	7.35	7.45	7.35	7.42
Sept	7.62	7.69	7.62	7.68
Oct	7.84	7.86	7.82	7.87
Jan	8.35	8.47	8.44	8.38
March	8.83	8.88	8.83	8.87
May	9.12	9.15	9.11	9.13
July	9.43	9.41	9.40	9.40

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	69.90	70.75	69.75	69.92
June	68.20	69.35	68.65	68.70
August	65.57	65.82	65.40	65.45
Oct	63.32	63.55	63.15	63.12
Dec	64.20	64.30	63.90	64.00
Feb	63.90	63.97	63.80	63.80

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	45.70	45.82	44.50	44.60
June	52.67	52.75	51.60	51.55
July	54.50	54.55	53.50	53.45
August	53.85	53.95	52.95	53.00
Oct	51.25	51.40	50.30	50.47
Dec	52.70	52.25	51.20	51.55
Feb	52.00	52.00	51.90	51.90
April	50.00	50.00	50.00	49.40

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	324.6	324.6	323.0	324.6
May	327.4	327.4	326.2	327.0
July	327.0	327.2	324.4	326.4
Sept	300.0	300.2	297.6	299.4
Dec	283.6	284.0	280.8	282.6
March	294.0	294.0	291.0	293.0
May	299.2	299.2	296.6	298.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	60.47	60.55	59.40	59.12
May	62.22	62.50	61.10	60.77
July	63.22	63.50	62.35	62.07
August	62.12	62.25	61.20	61.10
Feb	65.95	65.35	64.70	65.70
March	65.95	65.95	65.30	65.70

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	737.0	737.0	728.2	738.2
May	752.0	752.0	742.4	752.0
July	762.0	762.6	752.0	760.4
Aug	757.0	757.0	748.0	755.0
Sept	727.0	728.0	723.4	727.4
Nov	710.4	712.0	706.0	709.6
Jan	722.4	723.0	719.0	721.6
March	734.4	734.4	732.4	734.0
May	742.4	742.4	740.4	742.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	191.2	191.3	188.8	191.6
May	196.7	196.7	193.8	198.1
July	200.6	201.0	197.5	199.4
Aug	201.5	201.5	198.5	200.2
Sept	199.0	198.5	199.5	197.6
Oct	194.6	194.2	193.5	194.6
Dec	196.5	195.7	193.0	196.0
Jan	199.0	199.0	197.0	197.3
March	200.7	—	—	200.8

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
March	27.50	27.80	27.40	28.12
May	27.75	28.10	27.46	28.16
July	27.71	28.10	27.40	28.13
Aug	27.15	27.40	[illegible]	[illegible]
Sept	26.35	26.45	[illegible]	[illegible]
Oct	25.10	25.40	[illegible]	[illegible]
Dec	24.75	25.05	[illegible]	[illegible]
Jan	24.76	25.00	24.75	[illegible]
March	25.00	—	—	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	328.6	328.8	327.0	[illegible]
May	330.6	331.2	[illegible]	[illegible]
July	326.0	326.8	[illegible]	[illegible]
Sept	330.0	330.0	[illegible]	[illegible]
Dec	343.0	343.0	[illegible]	[illegible]
March	350.0	350.0	[illegible]	[illegible]

SPOT PRICES—Chicago loose lard 27.00 (same) cents per pound. New York tin 573.0-81.0 (578.0-83.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases from firm start

The dollar opened firmer on the foreign exchanges, but then drifted down in quiet trading to finish only slightly above Friday's closing levels. The early recovery was described by dealers as being no more than expected after the recent battering, but that market psychology still leant towards a lower dollar.

Lack of any economic news kept trading within a narrow range, awaiting U.S. leading indicators and trade figures to be published tomorrow. Leading indicators are expected to rise by about 1 per cent, continuing the recent string of figures pointing to strong economic growth at the beginning of the year, but with the trade figures likely to show another very large deficit the market remains concerned about the overall state of the economy and U.S. competitiveness.

The dollar rose to DM 2.6340 from DM 2.6305 against the D-mark, but finished near its lowest level of the day. It also improved to FFr 8.1075 from FFr 8.1025 against the French franc; and to Y233.20 from Y233.05, but eased to SwFr 2.1745 from SwFr 2.1770.

The dollar's trade-weighted index, on Bank of England figures, rose to 127.8 from 127.5.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. January average 1.4080. Trade-weighted index 82.7, unchanged from noon, compared with 82.6 in the morning and at the previous close, and 84.8 six months ago.

Sterling opened weaker, but showed a steady recovery to *finish slightly firmer against* most currencies helped by a drift back towards units such as the pound and Swiss franc as fears of an EMS adjustment over the weekend proved unfounded. Sterling opened at $1.4630-1.4640, and after touching a low of $1.4610-1.4620 rose to a peak of $1.4735-1.4745, before closing at $1.4730-1.4740, a rise of 20 points on the day. The pound rose to DM 3.8825 from DM 3.8725; *FFr 11.9450 from FFr 11.92;* and Y344 from Y343.25, but was unchanged at SwFr 3.2050.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. January average 2.8109. Trade weighted index 127.2 against 125.8 six months ago.

The dollar was fixed higher against the D-mark at yesterday's fixing in Frankfurt at DM 2.6383. This was up from Friday's level of DM 2.6286 and there was no intervention by the Bundesbank. The dollar's firmer tone reflected renewed dollar buying after its recent sharp fall with end of month technical demand contributing to the upward swing. The market remained cautious however since there appears to be little incentive at the moment to push the dollar much higher. Sterling improved to DM 3.8720 from DM 3.8550 and the Swiss franc was firmer at DM 1.2110 *from DM 1.2093. Within the EMS* the Belgian franc improved marginally to DM 4.8840 per BFr 100 from DM 4.8820.

JAPANESE YEN — Trading range against the dollar in 1983-1984 is 246.90 to 226.80. January average 233.77. Trade weighted index 154.1 against 145.9 six *months ago.*

The yen rose slightly against the dollar in Tokyo yesterday. The U.S. unit closed at Y233.35 compared with Y233.55 on Friday. It opened at Y233.10, its low for the day and reached its best level at the close. The dollar was firmer against the D-mark however, reflecting a small correction after its recent sharp fall. It closed at DM 2.6360 up from DM 2.6280. The D-mark slipped to Y88.52 against the yen from Y88.75 in New York on Friday although this was up from Friday's close in Tokyo of Y88.22.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.8965	+2.22	+1.94	±1.5447
Danish Krone ...	8.14104	8.22645	+1.05	+0.77	±1.6425
German D-Mark	2.24184	2.24172	−0.01	−0.29	±1.0642
French Franc ...	6.87456	6.89297	+0.27	−0.01	±1.4052
Dutch Guilder ...	2.52595	2.53000	+0.16	−0.12	±1.4984
Irish Punt	0.72569	0.729914	+0.58	+0.30	±1.6899
Italian Lira	1403.49	1392.32	−0.80	−0.80	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York latest

	Feb. 27	Prev. close
Spot	$1.4755-4765	$1.4710-4720
1 month	0.08-0.11 dis	0.08-0.10 dis
3 months	0.33-0.37 dis	0.31-0.36 dis
12 months	1.77-1.87 dis	1.77-1.82 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Feb 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4610-1.4745	1.4730-1.4740	0.07-0.12c dis	−0.77	0.32-0.37dis	−0.94
Canada	1.8300-1.8470	1.8450-1.8460	0.08-0.18c dis	−0.85	0.32-0.42dis	−0.80
Nethlnd.	4.35½-4.39	4.37½-4.38½	1⅛-⅞c pm	3.08	3⅝-3⅛ pm	3.08
Belgium	78.90-79.70	79.50-79.60	30-40c dis	−5.28	82-97 dis	−4.50
Denmark	14.12-14.25	14.24-14.25	1⅞-2⅞ore dis	−2.00	6⅝-7⅝ dis	−2.00
Ireland	1.2550-1.2650	1.2610-1.2620	0.22-0.30p dis	−2.47	0.86-0.98dis	−2.92
W. Ger.	3.85½-3.89	3.87½-3.88½	1⅛-⅞pf pm	3.49	3½-3 pm	3.35
Portugal	192.50-194.50	194.00-194.50	265-560c dis	−25.48	700-1385d	−21.26
Spain	221.20-223.00	222.70-222.90	170-195c dis	−9.83	545-570dis	−10.01
Italy	2,388-2,413	2,410½-2,412½	16-18lire dis	−8.46	50-53 dis	−8.54
Norway	11.07-11.18	11.16½-11.17½	3-3½ore dis	−3.63	10-10¾ dis	−3.72
France	11.88-11.96	11.94-11.95	5-6c dis	−5.53	21½-23½ dis	−7.45
Sweden	11.49-11.59	11.57½-11.58½	1¾-2½ore dis	−2.20	4½-5½ dis	−1.73
Japan	340½-344½	343½-344½	0.65-0.55y pm	2.09	2.20-2.08 pm	2.49
Austria	27.17-27.47	27.40-27.45	7½-5gro pm	2.85	22¾-18½ pm	3.01
Switz.	3.18-3.21½	3.20-3.21	1⅜-1⅛c pm	5.62	4⅝-4⅛ pm	5.46

Belgian rate is for convertible francs. Financial franc 83.15-83.25. Six-month forward dollar 0.78-0.83c dis. 12-month 1.74-1.84c dis.

THE DOLLAR SPOT AND FORWARD

Feb 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4610-1.4745	1.4730-1.4740	0.07-0.12c dis	−0.77	0.32-0.37dis	−0.94
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.45-56.50.

OTHER CURRENCIES

Feb. 27	£	$		£ Note Rates
Argentina Peso...	42.05-42.14	28.65-28.68	Austria........	27.15-27.45
Australia Dollar.	1.5555-1.5575	1.0600-1.0605	Belgium	82.25-83.05
Brazil Cruzeiro...	1,726.4-1,736.4	1,176-1,189	Denmark.......	14.15-14.27
Finland Marka...	8.3700-8.3950	5.6875-5.6925	France	11.86-11.98
Greek Drachma.	148.75-149.05	101.20-101.45	Germany.......	3.85¼-3.89¼
Hong Kong Dollar	11.41-11.48	7.7780-7.7800	Italy..........	2375-2405
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rates.

CURRENCY MOVEMENTS

Feb. 27	Bank of England Index	Morgan Guaranty Changes%
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 27	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for February 24: 1.32028.

EXCHANGE CROSS RATES

Feb. 27	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.474	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	0.679	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): [illegible]

MONEY MARKETS

London rates slightly easier

Interest rates maintained a slightly softer tone on the London money market yesterday, helped by the steady performance of sterling on the foreign exchanges and comfortable day-to-day credit conditions. Three-month interbank eased to 9⅛ per cent from 9¼ per cent, and three-month bank bills were quoted at a selling rate of 8⅞ per cent by the discount houses, compared with 8⅞-8 31/32 per cent previously.

The Bank of England forecast *a flat position in the money market* at first, but in the face of some fairly large factors there was always likely to be a late revision, and at noon the forecast was changed to a shortage of £100m, and in the afternoon to a shortage of £200m.

Bills maturing in official hands, repayment of late advances, and a take-up of Treasury bills from Friday's tender drained £246m, while the unwinding of repurchase agreements absorbed another £248m. These were expected to be roughly balanced by Exchequer transactions adding £230m to liquidity, including payments of gilt dividends in the region of £150m; the usual Monday fall in the note circulation of about £230m; and bank balances above target of £20m.

Total help provided by the authorities was £164m. Before lunch the Bank of England bought £115m bills outright by way of £76m bank bills in band 2 (15-33 days maturity) at 9 per cent; £33m bank bills in band 3 (34-63 days) at 8⅞ per cent; £5m Treasury bills in band 4 (64-91 days) at 8⅞ per cent; and £1m bank bills in band 4 at 8⅞ per cent.

In the afternoon another £29m bank bills were purchased in band 1 at 8⅞ per cent. The authorities also provided late assistance of around £20m.

In Tokyo the Bank of Japan was reported to have made a move towards liberalising interbank short-term yen interest rates, by allowing fluctuations more in line with market conditions. The one-month bill discount rate opened at 6.375 per cent, but edged up to 6.5 per cent in the morning, in contrast to the previous practice of setting one rate to apply all day.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Feb. 27	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	12	25-25½	5⅞-6	6.46875	[illegible]	[illegible]	[illegible]
One month	5.5-5.6	12 5/16-12 7/16	3½-3⅝	5⅞-6	6.53125	[illegible]	[illegible]	[illegible]
Two months	5.70-5.80	12 5/16-12 7/16	—	—	—	[illegible]	[illegible]	[illegible]
Three months	5.80-5.90	12½-12⅝	3⅝-3¾	6-6⅛	6.28125	[illegible]	[illegible]	[illegible]
Six months	5.90-6.05	12⅝-12¾	—	6⅛-6¼	—	[illegible]	[illegible]	[illegible]
Lombard	5.5	—	—	—	—	[illegible]	[illegible]	[illegible]
Intervention	—	12	—	5⅞	—	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Feb. 27 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6-9½	8⅞	8-9¼	8¼-9	—	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	—	—	9-9⅛	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	—	—	—	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]
7 day notice	—	8⅞-9 1/16	9-9⅛	9⅛-9⅜	8⅞-9 1/16	—	[illegible]	[illegible]	[illegible]	[illegible]
One month	9 1/16-9 3/16	9 1/16-9¼	9⅛	9⅜-9½	9-9 3/16	9	[illegible]	[illegible]	[illegible]	[illegible]
Two months	9¼-9 5/16	9 3/16-9 5/16	9 3/16	9⅛	9-9 3/16	8 15/16	[illegible]	[illegible]	[illegible]	[illegible]
Three months	9¼-9 5/16	9¼-9⅜	9¼	9½	9-9 3/16	8⅞	[illegible]	[illegible]	[illegible]	[illegible]
Six months	9 11/32-9¼	9¼-9⅜	9 5/16	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	9 13/32-9 15/32	9 7/16-9½	9½	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]
One year	9⅛-9 15/32	9½-9¾	9⅝	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅝-9⅜	—	9¼	9.75-9.85	9 1/16-9 3/16	9 13/16-10⅛
Two months	9⅝-9⅜	—	9 3/16	9.75-9.85	9 3/16-9 5/16	9 13/16-10⅛
Three months	9⅝-9⅜	—	9⅜	9.8-9.9	9¼-9⅜	9 13/16-10⅛
Six months	9½-9¼	—	9½	10.05-10.15	9⅜-9⅝	9 13/16-10⅛
Nine months	9⅞-9⅝	—	9⅝	10.15-10.35	—	—
One year	9⅞-9⅝	—	9 11/16	10.35-10.5	9⅝-9⅞	10 1/16-10¼
Two years	—	10¼	—	—	—	—
Three years	—	10⅜	—	—	—	—
Four years	—	10½	—	—	—	—
Five years	—	10⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 4 to February 7, 1984 (inclusive): 9.493 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from February 1, 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rate for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rates of discount 8.8473 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9½ per cent; three-six months 9⅛ per cent; six-12 months 10 per cent. Under £100,000 9¼ per cent from February 28. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	[illegible]
Two month	[illegible]
Three month	[illegible]
Six month	[illegible]
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. February 27)

3 months U.S. dollars	
bid 10 1/16	offer 10 3/16

6 months U.S. dollars	
bid 10 5/16	offer 10 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Quiet trading

Gilt prices showed a small improvement in the London International Financial Futures Exchange yesterday in relatively quiet trading. Values were marked a few points higher in early trading but there appeared to be little desire to push prices much firmer as the market took *stock of the recent ruling by the* Inland Revenue with regard to Building Society's tax liability.

This nervous undertone remained throughout the day although prices were marked up after the opening U.S. markets in the absence of any real selling pressure. The March contract *opened at 108-16 up from 108-14* and reached a best level of 108-25 before finishing at 108-20.

Euro-dollar prices were marked firmer on early trading, continuing the rally seen in U.S. *markets on Friday.* Strong demand led by some of the larger institutions was partly offset by local selling with the latter gaining the upper hand in the afternoon as U.S. markets showed some dislike for the higher levels and pushed prices lower.

The March price rose from an opening level of 90.01 to a high of 90.07 but came back in the afternoon to settle at 90.01 compared with Friday's close of 89.97.

Short sterling contracts showed useful gains, reflecting a softer cash market and sterling's better performance against the dollar. The March price was quoted at 90.94 at the opening, up from 90.91 on Friday and progressed to a high of 91.00 before finishing at 90.98.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.01	90.07	90.00	89.97
June	89.50	89.57	89.50	89.47
Sept	89.16	89.22	89.16	89.14
Dec	88.86	88.92	88.86	88.84
March	88.62	—	—	88.60

Volume [illegible]
Previous day's open int. [illegible]

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4290	0.4292	0.4290	0.4295
June	0.4328	0.4330	0.4328	0.4334

Volume 85 (76)
Previous day's open int. 243 (289)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	90.79
[illegible]	[illegible]	[illegible]	[illegible]	90.40
[illegible]	[illegible]	[illegible]	[illegible]	90.07
[illegible]	[illegible]	[illegible]	[illegible]	89.82
[illegible]	[illegible]	[illegible]	[illegible]	89.57
[illegible]	[illegible]	[illegible]	[illegible]	89.35
[illegible]	[illegible]	[illegible]	[illegible]	89.16
[illegible]	[illegible]	[illegible]	[illegible]	89.00

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	90.20
[illegible]	[illegible]	[illegible]	[illegible]	89.68
[illegible]	[illegible]	[illegible]	[illegible]	89.27

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	89.73
[illegible]	[illegible]	[illegible]	[illegible]	89.23
[illegible]	[illegible]	[illegible]	[illegible]	88.88
[illegible]	[illegible]	[illegible]	[illegible]	88.56
[illegible]	[illegible]	[illegible]	[illegible]	88.26
[illegible]	[illegible]	[illegible]	[illegible]	88.00

STERLING (IMM) $ per £

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	1.4760
[illegible]	[illegible]	[illegible]	[illegible]	1.4805
[illegible]	[illegible]	[illegible]	[illegible]	1.4850
[illegible]	[illegible]	[illegible]	[illegible]	1.4895
[illegible]	[illegible]	[illegible]	[illegible]	1.4925

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	68-29
[illegible]	[illegible]	[illegible]	[illegible]	68-00
[illegible]	[illegible]	[illegible]	[illegible]	67-07
[illegible]	[illegible]	[illegible]	[illegible]	66-16
[illegible]	[illegible]	[illegible]	[illegible]	65-11
[illegible]	[illegible]	[illegible]	[illegible]	64-28
[illegible]	[illegible]	[illegible]	[illegible]	64-15

COMPANY NOTICES

GOLD FIELDS OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)
DECLARATION OF INTERIM DIVIDEND (No. 72)
UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of dividend No. 72 declared on 7 February 1984, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R1.787723 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 27 February 1984, as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Interim Dividend (No. 72) of 36 cents per share is therefore 20.13735p per share.

By order of the board,
per pro CONSOLIDATED GOLD FIELDS PLC.
London Secretaries,
P. F. G. Roe, Secretary.

London Office:
49 Moorgate,
London, EC2R 6BQ.

United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

27 February 1984

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the *pound against various currencies on* February 27, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange *certificate rate; (nc) non-commercial* rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.25
Algeria	Dinar	(A) 7.3095
Andorra	French Franc	11.945
	Spanish Peseta	222.80
Angola	Kwanza	(CM) 45.4115
Antigua	E. Caribbean $	3.98
Argentina	New Peso	42.095
Australia	Australian $	1.5565
Austria	Schilling	27.425
Azores	Portugu'se Escudo	194.25
[illegible]	[illegible]	[illegible]
Greenland	Danish Kroner	14.245
Grenada	E. Caribbean $	3.98
Guadaloupe	Local Franc	11.945
Guam	U.S. $	1.4735
Guatemala	Quetzal	1.4735
Guinea	Syli	34.50
Guinea-Bissau	Peso	117.45
Guyana	Guyanese $	5.4955
Haiti	Gourde	7.3675
Honduras	Lempira	2.95
Hong Kong	H.K. $	11.416
Hungary	Forint	66.68††
[illegible]	[illegible]	[illegible]
Peru	Sol	exc(A)3,577.59
Philippines	Philippine Peso	20.25
Pitcairn Islands	£ Sterling	—
	New Zealand £	2.2130
Poland	Zloty	138.42
Portugal	Portugu'se Escudo	194.25
Puerto Rico	U.S. $	1.4735
Qatar	Qatari Ryal	5.3890
Reunion Island	French Franc	11.945
Romania	Leu	(Cm)6.67
		(N/C)20.14
[illegible]	[illegible]	[illegible]

* Rate is the transfer market (controlled). †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate.

INTERNATIONAL CAPITAL MARKETS

Interest rate fears pull in borrowers

By Mary Ann Sieghart in London

A SMALL pick-up in the U.S. bond market on Friday afternoon allowed three fixed-rate bonds to be launched in the Eurodollar bond market yesterday.

There seems to be a feeling among corporate treasurers that rates are on their way up and any opportunity to tap the market at these levels should be taken.

There is still appetite in the market for paper with short maturities from highly-rated borrowers, preferably U.S. corporations. Digital Equipment, the U.S. computer manufacturer, was the first to exploit this opportunity yesterday with a five-year bond carrying an 11⅝ per cent coupon at par. The initial amount of $100m was raised to $150m within hours by lead manager Lehman Brothers Kuhn Loeb to satisfy investor demand, and the bonds ended the day at a discount of 1 point, well within their selling concession.

Another popular U.S. corporation, Texas Instruments, also launched a $150m bond. This one, led by Morgan Stanley, has a seven-year life and a coupon of 11⅝ per cent at a price of 99¾. It traded at a discount of about 1½ points – dealers said they liked the name but would have preferred a five-year maturity.

The City of Montreal came out with a much less successful deal. It has only a single-A credit rating and is not particularly popular with investors. The $70m bond, led by Citicorp, has a 12½ per cent coupon at par and, despite the high yield, sold at a large two point discount. This shows the selectivity of investors in current market conditions; they seem to prefer quality names to high coupons.

The Japan Development Bank is raising $100m in the U.S. domestic bond market through a seven-year bond led by First Boston.

Boosted by the strength of the pound, the Eurosterling market continues to be buoyant. Yesterday saw the launch of a £60m deal for the Inter-American Development Bank, led by Baring Brothers and S.G. Warburg. The seven-year bond has an 11⅛ per cent coupon at a price of 99½ and was selling steadily yesterday at a price of 98¾.

Today should see the launch of a SwFr 100m dual currency deal for General Motors Acceptance Corporation. It is the second such deal GMAC has done in which the interest is paid in Swiss francs, but the redemption is in U.S. dollars. Led by Soditic in association with Morgan Stanley, the 12-year bond pays 5⅝ per cent and the final redemption will be $4,000 per SwFr 5,000 bond.

Secondary markets in dollar, D-Mark and Swiss francs bonds all showed little change in price in a day of quiet trading.

BHF Bank bond average

Feb 27		Previous
99.473		99.434
High	1983-84	Low
102.017		97.699

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 27.

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Yamanouchi Pharm'cal 4 98	10/83	1808	96	97	-0⅝	29.83
Bridge Oil 4¼ 93 SF	3/84	3.43	185½	187½	-0¼	19.98
Nippon Airway 2⅞ 94 SF	2/84	354	100	101	+1½	1.28
Toshiba 2⅝ 94 SF	1/84	381	107⅝	108⅝	+0⅛	8.66
Asics 5 92 DM	12/83	529	109¾	110¾	+0¾	21.72
Sum Realty 6¼ 92 DM	2/83	365	122	123	0	-8.11

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month: § above mean rate) for U.S. dollars. C.cpn – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER – Nasdaq National Market

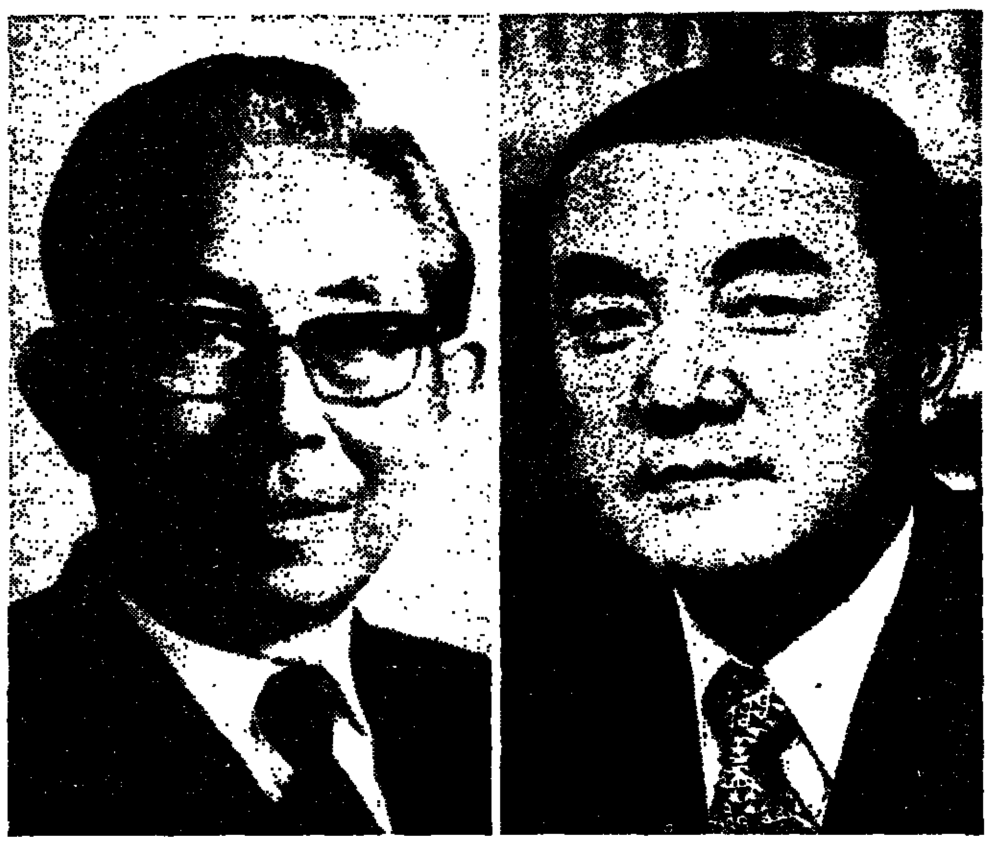
Continued from Page 26

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

JAPAN

BANKING, FINANCE AND INVESTMENT

The financial system is being liberalised, a reflection of Japan's increased economic importance and of outside pressures, notably from the U.S. Change, however, will still be by gradual evolution



At the centre of the macro-economic background to the opening up of the financial market are the surpluses on both trade and current account. Mr Haruo Maekawa, Governor of the Bank of Japan, freely concedes these have reached "embarrassing" proportions and Mr Yasuhiro Nakasone, the Prime Minister (right), is conscious of the problem at a political level

The barriers start to fall

THE THEME OF this survey is the internationalisation of the yen and the liberalisation of the Japanese capital markets. To some this may appear like an attempt to re-invent the wheel or otherwise an exercise in wishful thinking, since neither topic is exactly original, and much has been promised, but much less achieved, in both directions for some years.

But there appears now an almost tangible sense, allied to a growing body of evidence, a lot of it admittedly diffused, that the pace of change in Japan has moved into higher gear. This partly reflects the evolution of the Japanese financial system, partly a heightened awareness of Japan's clout in the economic and financial world, and partly an increase in external pressure on Japan, especially—for all its still-blurred focus—from the U.S., to which Japan is always most responsive.

By JUREK MARTIN
Far East Editor

Sceptics, it must be stressed, still exist. They maintain that Japan is engaged in an elaborate confection of the appearance but not the substance of liberalisation or, somewhat less critically, that Japan has already thought through the consequences of change much more thoroughly than those who are demanding it, and that its defence mechanisms are, as a result, already deployed at the bulwarks.

Whichever school is most accurate, it is apparent that, at the end of the day, the Japanese financial system will remain one which, to paraphrase the preamble to the U.S. constitution, is mainly "of the Japanese, for the Japanese and by the Japanese."

There will not be Citibanks at every fifth street corner in Nagoya, nor Merrill Lynches thundering untrammelled through the Tokyo stock market, nor Euromarket specialists making hay in any newly established Tokyo offshore centre as they do in London.

But, just as Japan has become a major creditor nation and exporter of capital, and just as its national financial institutions have become established, diversified and growing presences overseas, the domestic financial scene is opening up; not merely to foreign institutions but also to those in Japan which, for one reason or another, have been prevented from crossing well known demarcation lines.

Surpluses

There is, inevitably, a macro-economic background to this evolution. Its crux lies in the most visible fruit of Japan's overall economic success—the surpluses on both trade and current account which, as Mr Haruo Maekawa, Governor of the Bank of Japan, freely concedes, have assumed "embarrassing" proportions. Mr Yasuhiro Nakasone, the Prime Minister, has also shown himself to be conscious of the problem at a political level.

The surplus phenomenon is not new to Japan; twice in the past decade surpluses have been transformed into deficits, at least on the current account, by the two oil crises. Given the current turbulence in the Middle East, a third one cannot be discounted, though it will find Japan much less vulnerably exposed, because of the energy economies and diversification it has effected, than its predecessors.

However, Japan has increasingly come to appreciate that Acts of God (or, to be more precise, Allah) cannot substitute for public policy over the longer haul, particularly in the face of more sustained external criticism.

As it is, the Government now officially estimates that trade and current account surpluses in the fiscal year beginning in April will be of the order of $34bn and $23bn respectively. Many private analysts and foreign authorities, the European Community among them, feel these projections are far too low, and since the Japanese Government underestimated the current account surplus by a factor of three last year, external opinion cannot be ignored.

The Government's best hope that the surpluses do not expand too rapidly lies in the assumption that domestic demand is in the process of taking off sufficiently to spill over into a much greater appetite for imports. If it does so, then it will be largely of its own volition, for neither monetary nor fiscal policy, as currently exercised, can be described as assisting the process very much.

Even without official assistance, however, and barring an external debacle, the Japanese economy seems likely to grow by comfortably over four per cent in real terms in the next fiscal year; consumer price inflation will remain in the modest two to three per cent range, corporate profits may rise by twenty per cent and private capital investment by roughly seven per cent.

But for the nagging problem of the surpluses—and the all but intractable one of confronting a $50bn plus budget deficit of a structural rather than Keynesian nature — Japan's economic planners could sit back and enjoy what everybody agrees are an impressive set of fundamentals.

Good fundamentals are also supposed to mean a strong currency. Indeed, this is already reflected in the yen's strength against European currencies, with appreciations ranging from over 13 per cent against the Deutschemark, 14 per cent against sterling and 20 per cent against the French franc last year alone. But what matters most for Japan is the dollar rate, simply because so much of its trade is denominated in dollars, and because, at least in part, the impact of its surpluses has been minimised by Japanese capital outflows, especially to the U.S.

Fundamentals

The yen-dollar rate remained remarkably stable over the past year. American companies may still charge that the Japanese currency is undervalued, but nobody is seriously laying the blame for this any more at Japan's door; it is widely recognised to be a by-product of the strong dollar phenomenon. If the dollar weakens, as it is expected to, then the yen may well rise to closer to the yen 200 rate that Japan's economic fundamentals would appear to justify.

Japan is, however, worried about the pace of appreciation and this, in turn, has been a motivating force in its desire to make the yen more widely useable, and thus somewhat less vulnerable to being hoist on a dollar petard over which Japanese authorities can have no control.

But even this realisation would probably not have been sufficient in itself to spur the internationalisation and liberalisation movement to its present pitch. Foreign pressure on Japan tends to run in cycles and it is fair to say that the current financial round was, if anything, originated by the British, picked up by the European Community and only belatedly adopted, in

CONTINUED ON PAGE 8

CONTENTS

JAPAN 2

International liberalisation

Nobomitsu Kagami examines the Japanese investment climate and the implications for the yen

Evolution of a major creditor

IF THE RECENT development of Japan's current account is extrapolated into the future, the logical consequence would be that Japan will become the largest net creditor nation in the world before this decade is out.

Assuming that oil prices remain reasonably stable, an annual surplus of between $15 and $20bn for Japan appears to be almost a foregone conclusion given the existence of what appears to be insatiable world demand for Japanese exports, and her still limited capacity to import.

Since the country's net external position increases by the sum of the current account surplus and the surplus on the errors and omissions account (Japan had a surplus in the latter account both in 1982 and 1983) it does not require much imagination to think of Japan's net creditor position reaching $100bn some time in the second half of this decade from $25bn at the end of 1982 and an estimated $48bn at the end of 1983.

Interestingly, an increasing number of economists in the U.S. have begun to talk about the possibility that the U.S. may become a net debtor nation by 1987 or 1988 if its present huge trade imbalance is maintained. The U.S. had a net credit position of over $160bn at the end of 1982.

Had it not been for the two oil price shocks in the 1970s, Japan would have established itself as a net creditor nation much earlier. The first oil crisis cost Japan's balance of payments $15bn and the second $24bn, although part of this was recouped by its increased exports to oil producers. To this must be added the debt-servicing costs that Japan had to bear in order to finance the increased oil bills.

Nonetheless, the underlying thrust of Japan's current account towards bigger surpluses is so strong that contrary to then current expectations, the balance of payments adjustment proved easy for Japan: each time, Japan's current account returned to surplus only two years later, and if anything, Japan tended to overadjust as its subsequent surpluses became bigger than before.

The ease with which Japan's balance of payments adjusted to the oil price increases can be explained largely by its chronic tendency to oversave.

This feature is probably inherent for an economy moving from the stage of rapid growth to that of moderate and stable growth. In Japan as businessmen lowered growth expectations, investment in plant and equipment inevitably declined as a proportion of GNP but it took longer for the saving behaviour of people to change. In fact, the increased uncertainty caused by the first oil shock had the effect of raising the personal savings ratio. The gap between private savings and investment widened significantly once the initial effects of the oil price increases were absorbed.

Deflationary

Large current account surpluses re-emerged and the Japanese Government subsequently decided to offset the deflationary impact of this excess saving by running huge budget deficits in the 1977 period. In fiscal year 1979, the budget deficit amounted to 6.1 per cent of nominal GNP and 33.9 per cent of the total central government spending.

By the time the second oil shock hit the world in 1979 and 1980, Japan's ability to continue to run huge fiscal deficits had been exhausted. Although the downward adjustment of investment to slower economic growth had largely been completed and investment had begun to turn upwards, fiscal policy was forced to become highly restrictive first as a step to combat inflation and more recently in order to reverse rapidly accumulating fiscal deficits.

Japan's tax structure is highly geared to economic growth and moderate inflation. As a result, tax revenues began to rise very slowly as GNP growth decelerated and inflation was reduced. The macro-economic wisdom of attempting to reduce recession-induced budget deficits through further fiscal tightening must be questioned; nevertheless, given the rapid build-up of outstanding government deficit bonds—now greater than 33 per cent GNP—the Government remains committed to reducing deficits even at the expense of prolonged domestic stagnation.

At 17.3 per cent of fiscal year 1982 disposable income, the personal savings ratio is far greater than necessary to finance investment consistent with a 4.5 per cent real annual GNP growth. With the tightening of fiscal policy, excess domestic savings have reappeared, resulting in a sharp increase in the current account surplus which amounted to $21bn in 1983. Even with the modest upturn of domestic demand expected this year and next, Japan's current account surplus is likely to increase to nearly $30bn in 1984 and to $35bn in 1985.

Japan is now going through a phase of economic development during which its external position will remain in large surplus. Its much heralded industrial efficiency, its seemingly inexhaustible ability to develop and market new products worldwide, its flexible labour market practices and dynamic management system as well as its limited capacity to import may well be the product of this historical process. As the economy matures and as the population ages, the external surplus gradually will diminish and then disappear completely.

Once one accepts the argument that Japan's present large current account surplus is of an historical nature rather than a short-term phenomenon caused by exchange rate misalignments or internally protective trade practices, attention can be focused on how to make the best use of it, in the interests both of Japan and the world as a whole.

The possession of natural resources whose relative prices move to higher levels is not the only cause of persistent external surpluses which need to be recycled productively. Although original circumstances differed, Japan's condition is similar to the situation the oil producing countries were in after prices first rose sharply.

Balance of payments adjustment is essentially a very dynamic process in which redistribution of productive investment between countries plays the key role. As Japan invests less and saves more, other countries will be provided with more capital than they can generate at home. As this process continues, the distribution of productive capital will change and this will in turn have lasting effects on trade flows. Exchange rates seem to correspond to the underlying supply and demand of capital in each country and appear to move in such a way that, in the long run, they will facilitate structural adjustment of balance of payments through changes in patterns of investment.

Competitive

Increased investment of Japanese savings by recipient countries should raise their industrial competitiveness while reduced investment in Japan should, over time, undermine its relative industrial efficiency. Exchange rates eventually will move to long-run equilibrium levels. If one accepts the view that exchange rates are determined by capital movements, one also must consider the dynamic effects of capital flows on real productive investment.

As expanding current account surpluses persist, and as Japan continues to invest abroad, Japan's balance of payments have begun to assume a feature characteristic of rentier nations. Japan's investment income account increased by $1.4bn to $3.1bn in 1983.

Although a surplus in the investment income account first appeared in the 1970s, it was wiped out by two rounds of oil price increases; this time, the surplus looks to be more sustainable than during the 1970s. If our forecast of 1984-85 current account surpluses proves correct, Japan's net external credit will exceed $100bn by the end of 1985 and Japan's surplus in the investment income account will amount to anywhere between $8bn and $10bn in 1986, almost equal to its present deficit in the invisibles and transfers account.

Nobumitsu Kagami is Director of Jardine Fleming Investment Services, Tokyo.

The yen moves to centre stage

JAPAN HAS NOW become a maturing creditor nation. As a country moves through different stages of development, interactions between trade flows, long-term capital flows and investment income flows change.

When a country becomes a maturing creditor nation, there is likely to be a spiralling of current account surpluses: while forces that transformed the country from a debtor to a creditor nation still remain, the current account will be expanded by a rapid improvement in the investment income account, which in turn will further increase the surplus in the investment income account.

So long as the country is building up assets abroad, increasing current account surpluses will not affect exchange rates. Once the increase in the current account surplus begins to outpace the country's ability to invest abroad, its currency will begin to appreciate significantly. Japan now may be approaching this critical point. Despite significant long-term capital outflows, Japan's current account surplus in 1983 was large enough to leave a surplus of more than $3bn in the basic account—the sum of current account long-term capital account. In 1984, I expect Japan's basic surplus to exceed $10bn and to be even larger in 1985.

Favourable

Despite rapidly increasing investment in foreign bonds, net capital outflow appears unlikely to increase as fast as the current surplus expands. It is important to note that portfolio movements have been generally favourable for Japan since Japanese investment in foreign securities is often more than offset by foreigners' investments in Japanese equities, bonds and external bonds issued by Japanese borrowers in foreign markets.

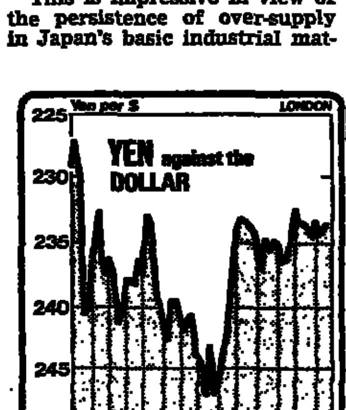
Given the relatively favourable economic outlook for Japan, this is unlikely to change very much in the near future. At the same time, non-portfolio capital outflow will increase only gradually: a maximum of $2bn a year for direct investment abroad: in addition, banks will be hard pressed to increase international lending given the present international banking environment.

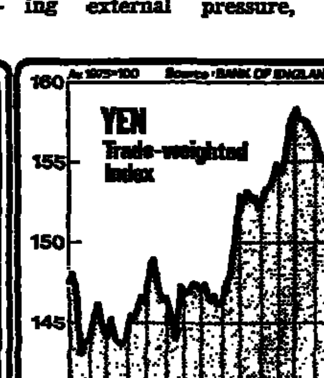
Increasing basic account surpluses eventually will put strong upward pressure on the yen exchange rate. Once the yen begins to rise, the burden of exchange rate adjustment will fall disproportionately on merchandise trade as invisible trade is generally price insensitive. As a result, over the long-run the yen will appreciate up to the point where it will become overvalued in terms of Japan's competitiveness in merchandise trade.

The surplus on the trade account will shrink and may even disappear in the long-run while a surplus will emerge and expand on the invisible account. Japan's balance of payments structure will become similar to the one which is generally associated with the UK and the U.S. at present.

Increasing finished and semi-finished goods import penetration will characterise the future trade scene as the transformation of Japan's balance of payments proceeds. Early signs of this development appeared in 1983: imports of basic raw materials—which account for 70 per cent of Japan's imports—fell noticeably; at the same time imports of steel and chemical products increased significantly.

This is impressive in view of the persistence of over-supply in Japan's basic industrial material sector. As the economy matures and as upgrading of the industrial structure proceeds, this substitution of imports of finished and semi-finished products for raw material imports will continue at an accelerating pace. The experience in the latter half of the 1970s showed that Japan imports of finished goods are responsive to exchange rate movements. Once the yen begins to appreciate significantly, considerable scope will appear for foreign exporters to penetrate Japanese markets with finished goods.





The predominance of basic raw materials in the composition of Japan's imports is a major reason why only 2-3 per cent of Japanese imports at present are denominated in yen: highly efficient and well organised dollar denominated world markets exist for most basic raw materials which Japan imports. As finished goods imports increase as a proportion of total imports, so will yen denominated imports.

At the same time, continuing appreciation of the yen will result in an increasing proportion of Japanese exports being denominated in yen. Yen-denominated exports now account for abolt 40 per cent of total exports. The increasing volume of yen denominated financial transactions — yen denominated foreign bonds (samurai bonds) and bank loans—together with steady growth of Japanese direct investment abroad will lead to a significant increase in the world's demand for yen as a transaction currency, if not as a reserve currency.

Against this background, recent U.S. pressure for internationalisation of Tokyo money and capital markets could not have been better timed. All the underlying forces for change in this direction are in place both externally and domestically and it is only bureaucratic and institutional inertia which keeps these underlying forces from being fully reflected in actual progress. Recently, under growing external pressure, the Government has finally begun to induce changes already long overdue.

Foreign exchange restrictions which limit forward transactions to those supported by underlying trade and capital contracts are to be removed in April. Controls on Euro-yen bond issues will be eased, opening the gate for Euro-yen bond issues by Japanese companies. The minimum denomination of CDs was reduced from 500 million yen to 300 million last month and a further reduction to 100 million yen is likely to be effected by January of next year. Unlike other types of bank deposits, interest paid on CDs is completely free of official control.

Wide-spread interest rate regulations have long been considered a major stumbling block for internationalisation both of the yen and of the Tokyo financial market. Even without external pressures, powerful domestic demand for interest rate liberalisation has already reached the point at which a significant breakthrough may take place at any time. An increasing number of government bonds are reaching their final years of maturity and since they are traded freely in an unregulated secondary market, they have begun to pose the most serious threat to the hitherto tightly regulated interest rate structure.

The introduction in 1977 of two- to four-year medium-term government notes with issuing terms determined by competitive bidding was followed by the appearance of medium-term government note funds promoted by securities houses in 1980—the equivalent of U.S. money market mutual funds. With deposit interest rates still rigidly controlled and fixed at artificially low levels, banks now find themselves at the losing end of increasing competition with non-bank institutions, especially securities firms. Liberalisation of interest rates has passed the point of no return.

Uncompromising

The attitude of the monetary authorities towards the internationalisation of the yen has changed considerably. The uncompromising resistance which characterised the 1970s has given way to a more accommodative stance. Mr Haruo Maekawa, Governor of the Bank of Japan, talks with increasing frequency about the need for liberalisation and internationalisation of the Japanese financial systems. This is a strong indication that pressure for internationalisation of the yen has filtered through to the highest levels of government.

As internationalisation of the yen progresses, there will be a quantum jump in the magnitude of international financial intermediation taking place in Tokyo. Growing demand for the yen will be reflected in a sharp increase in the inflow of short-term capital, which will in turn have to be recycled abroad. Sustained current account surpluses will provide the necessary support for international financial intermediation as Japan increases its international banking role.

With powerful domestic and external forces pushing for rapid internationalisation of the yen, the prospect that Tokyo may become the world's third major international financial centre—after New York and London—now looks more real than ever. One final precondition must be met: foreign financial institutions must be allowed to participate both fully and freely in Tokyo financial markets. When steps which facilitate such a change are taken, these institutions will bring individuals from all corners of the world — individuals capable of mobilising the knowledge and expertise which have made both the New York and London financial centres what they are today.

Banks have lost no time moving abroad following a levelling off in domestic business

Rapid rise to prominence in world markets

THE WORLD IS ONLY too aware of the power of Japanese industry. But it is only recently that it has come to know another force: Japanese banks.

In the last few years Japan's biggest financial institutions—and they now rank in size among the largest in the world—have ventured out of their cosy but increasingly confined home quarters to hunt for business abroad. And with typical speed they have become dominant players in most of the big international banking markets particularly lending, and foreign exchange. In the UK they actually do more foreign currency lending than either the British or the U.S. banks.

Quest

Today, it is not uncommon for the big "city" banks to reap more than a quarter of their profits abroad—well below the 50 per cent or more at some leading western banks but a sizeable advance on the days in the early 1970s when it was unheard of for Japanese banks to have many assets abroad (except for the Bank of Tokyo which was specially constituted for international business.)

There are several reasons for this dramatic growth. Japanese banks have followed their big corporate customers round the world, which is usually the way banks first move abroad.

But more recently, they have been driven by a more urgent quest for fresh business. The dominant feature of the domestic Japanes banking market for the last decade has been the levelling off of business loan demand. The big post-war industrial investment phase is over, and anyway Japanese business now prefers to finance whatever needs it has in the securities markets which are more varied and, often, cheaper. So Japanese banks have started making more loans in other countries and in offshore markets instead.

The domestic market has also been cramped by Japan's rigid interest rate structure, making offshore funding more attractive.

The abolition of exchange controls in 1980 opened up new avenues. By some estimate, the Japanese banks are now collectively the largest participants in the world foreign exchange markets.

Two other events have underlined their foreign ambitions. Last year Mitsubishi Bank bought the Bank of California for $260m the eighth largest bank in the state with $4bn in assets. In so doing it was treading down a well-worn path: it was the fifth acquisition by a Japanese bank in the Golden State in seven years but by far the largest. In 1981 Mitsui Bank had bought Manufacturers Bank for $166m.

Shortly before, Fuji Bank had announced an even bigger deal: the $425m acquisition of two subsidiaries of Walter E. Heller the Chicago-based finance company. This brings Fuji about 70 branches in the U.S. and another 30 abroad. Heller is not a bank, of course, which puts it in a different category. But Fuji clearly has its eye on the day when the U.S. lowers its regulatory barriers: if things go right, it will have a ready-made nationwide bank branch network in the U.S. Essentially, the Japanese have been doing exactly what their foreign rivals did, only several decades later.

Expansion

The process of overseas expansion seems far from over. Mr Toshio Morikawa, general manager of the international planning department of Sumitomo Bank, which is generally reckoned to be one of the best-run Japanese banks, says: "If we assume there is no change in the home banking environment, then growth potential still exists mostly on the international side."

But he adds: "I don't think we want our international profits to exceed 50 per cent of the total." That still gives Sumitomo a lot of leeway; last year foreign profits were 25 per cent of the total.

MAJOR BANKS

	assets Ybn	profits Ybn
Dai-Ichi Kangyo Bank	19,337	83.4
Fuji Bank	17,664	136.5
Sumitomo Bank	17,040	157.2
Mitsubishi Bank	16,595	95.2
Sanwa Bank	16,094	92.9
Industrial Bank of Japan	14,522	103.3
Mitsui Bank	12,751	67.1
Tokai Bank	11,875	55.9
Long Term Credit Bank of Japan	11,753	64.0
Bank of Tokyo	10,694	50.5
Taiyo Kobe Bank	10,093	48
Daiwa Bank	9,309	26.1
Kyowa Bank	6,308	29.8
Saitama Bank	6,064	30.5
Hokkaido Takushoku Bank	4,625	24.2

† pre-tax recurring profits
Source: Japan Economic Journal

One reason why the Japanese still have a lot to go for is that their geographical presence internationally is quite limited, despite the large amount of business they do around the world. Sumitomo, for instance, only has 12 foreign branches (compared to 50 or even 100 at big European and U.S. banks) because the Ministry of Finance only allows Japanese banks to open one branch every two years.

The aggressive tactics of the Japanese have not been all that popular in the international banking community, of course. Their rate-cutting tactics have sparked references to "hara kiri" loans, and the Japanese banks may now be rueing some of their lending decisions.

Thanks to their energetic pursuit of Euromarket syndicated loans in the late 1970's, they now find themselves with an embarrassingly large amount of LDC debt on their books, by some estimates $30bn worth. Although Japanese bankers have made a point of co-operating in the various rescue packages that have been put together for such countries as Brazil and Mexico, it is proving an expensive experience.

The Ministry of Finance has issued "administrative guidance" on the amount of provisions the banks should make against possible loan losses to the Third World: up to 5 per cent for some 25 countries. The trouble is that these provisions do not count as a business expense, so they have to be taken out of post-tax profits, like dividends.

The banks kicked up a fuss about this and won a small concession: they can set aside up to 1 per cent of any new or rescheduled loans to troubled countries as a pre-tax provision.

"Our approach to the Euroloan market is much more cautious now," said Mr Morikawa of Sumitomo.

Restrained

The unpleasant experience maybe one reason why the Japanese banks' foreign growth may proceed at a somewhat more restrained pace from now on. The easy gains have been made.

Despite their complaints about the restrictions of doing business in Japan, there is still plenty of scope for them on the domestic market. The not altogether welcome success of the "sarakin" personal loan companies suggests that the banks are not providing as good a service as they should. The freeing up of interest rates will allow them to compete more aggressively for retail business, while their new right, starting in June, to deal in government bonds will enable them to jet the thin end of their wedge—into the huge securities market

David Lascelles

The headquarters of the Sumitomo Bank.

Jurek Martin on the regulatory role of the Ministry of Finance and the Bank of Japan

The powers behind the financial policies

IN THE sleek, modern building that houses part of the 102-year-old Bank of Japan, where dainty patisseries are sometimes served to visitors on rather good china, senior central bank officials sometime refer, with a barely detectable disparaging nuance, to "our colleagues in Kasumigaseki" (Tokyo's Whitehall).

In the uninteresting squat building in Kasumigaseki, where dingy corridors and gunmetal desks awash in paper overwhelm the occasional aberrational attempt at interior design, comparable officials at the Ministry of Finance have been to known to allude, with a matching hint of condescension, to "the monetary authorities."

Surface impressions, however, can mislead, and rarely more so than in the multifaceted current debate over internationalisation and liberalisation. It is simply too easy to pigeon hole MOF and BOJ into convenient conservative and liberal corners, though it may be fair to say that neither of them are hotbeds of radical innovation. What is most instructive, and often most confusing, is the extent to which either may find itself on the conservative side of one particular issue but on the liberal side of another which is closely related.

Influential

Most power, of course, resides with MOF, without question the most influential single department in the Japanese Government. The roots of its authority lie in its control over almost all elements of the national budget; as a regulator it rules firmly over banking and securities, as well as a good chunk of external economic and monetary policy.

In spite of occasional challenges from other arms of the government, such as the Ministry of International Trade and Industry and the Foreign Ministry, it still recruits the best and the brightest of each young Japanese generation, mostly from Tokyo University Law School.

MOF men genuinely constitute a super-elite in a national bureaucracy weaned on elitism. Finance Ministers come and go regularly; only one, the notorious Mr Kakuei Tanaka, can be said to have thoroughly mastered his brief and staff, though the current Minister, Mr Noburo Takeshita, is a political power in his own right and thus a useful complement to the Ministry's inherent strength.

The BOJ has had its days in the sun, most notably in the immediate post-war years. Today its principal responsibilities are the execution of monetary policy and its impact on the value of the yen, as well as some regulatory functions over the banks. Its current governor, Mr Haruo Maekawa, is widely respected at home and overseas, as are several of his senior colleagues.

Thwart

Mr Maekawa is not, as every other Governor usually is, drawn from the MOF stable. Whether in spite or because of this, the BOJ has shown an ability on occasion to take on and even thwart MOF on given issues.

This has been well illustrated recently in the debate over the creation of an offshore financial centre in Tokyo. The original Japanese protagonists of the cause were to be found in Kasumigaseki; a former MOF vice-minister, Mr Takashi Hosomi, became its leading advocate.

BOJ was always markedly unenthusiastic, principally because it feared it might lose a good measure of control over monetary policy at a time when Japan was not ready for unbridled competition for funds. The central bank launched, in effect, a skilful rearguard action, which has ultimately paid dividends. Even Mr Hosomi concedes today that the offshore centre is a dead issue, one which has been overtaken by events. Certainly MOF's initial enthusiasm is now all but extinguished.

Again, on the question of interest rate policy for much of last year, BOJ, consumed by the perceived need to preserve the stability of the yen, refrained from cutting the discount rate until October in spite of considerable pressure from both the body politic and from MOF which, in its own cautious way, was getting worried that the economy would remain sluggish for too long. In hindsight, the central bank's caution appears justified, since the yen has remained stable since October against the dollar while the economy is now out of the doldrums.

But if these incidents tend to cast MOF in the role of the relative innovator and BOJ as protector of the status quo, it does not always work out that way. The central bank's fundamental approach today is that liberalisation of the domestic interest rate structure is inevitable, even if to be tackled with caution. As Mr Takeshi Ohta, director of its foreign department put it, deregulating "software" (interest rates) should precede liberalising "hardware" (the financial institutions themselves). Thus the BOJ is on record as favouring the creation of a proper Treasury Bill market and proposing that the interest rate differential between three and six month deposit rates be abolished, as a first step in the decontrol process.

MOF, for its part, takes extremely seriously its fundamental charge to preserve the integrity of the Japanese financial system, as well as its fiscal responsibilities. Mr Toyoo Gyohten, deputy director general of the banking bureau of MOF, concedes the intellectual case for liberalising interest rates, but adds that "all markets in the world cannot be the same," and that basic Japanese traditions, such as faith in financial institutions, cannot be discarded simply in the cause of free-for-all competition.

Sceptical

Sometimes this means that MOF and BOJ are on the same sides of certain issues, but for different reasons. Both are sceptical of allowing residents to issue European bonds, BOJ because of its potential policy implications, MOF because it fears for lost revenues. Similarly neither has much truck with the notion of a financial futures market for the time being.

But it is MOF which is really digging in its heels over Treasury Bills, the creation of a bankers acceptance market in yen and wideranging interest rate decontrol not least because of its refinancing burden; and, though MOF knows fully well it cannot completely stem the tide of institutional reform in Japanese finance, it is going to do its best to ensure that it authorises no leaps in the dark.

Thus, as Mr Gyohten observes, the fundamental demarcation line between banks and securities houses should not be wiped out at a stroke. The BOJ, while it may quibble over some of the details, would probably not dissociate itself from MOF's conservatism.

And in this sense it is important to understand that though the two institutions may sometimes seem at odds and though aficionadoes of Japanese power struggles can recount chapter and verse of assorted confrontations, the differences are not between black and white.

Officials from both may like to be gently rude to each other but the gulf is nothing like as wide as that which has, on occasion, separated the Secretary of the U.S. Treasury and the chairman of the board of the Federal Reserve System.

David Lascelles on the growing pressure for banking reform

U.S. leads fight for change

"NOTHING EVER changes in this country unless foreigners force it," said a European banker in Tokyo. So far as Japan's cumbersome finance industry is concerned, he seems to have a point.

It has taken heavy pressure from the U.S. to get financial reform high on the political agenda: foreign banks, mostly U.S., are forcing the pace of change in banking: even Japan's freewheeling securities industry is forging alliances with foreign rather than Japanese partners to attack the bastions that separate bankers, stockbrokers and fund managers into their safe but increasingly constricting niches.

Ironically, the segmentation of the Japanese finance industry stems largely from the fact that Japanese banking law was modelled after the last war on the American, notably the Glass-Steagall Act, which bars commercial banks from the securities industry on conflict of interest grounds.

So the issues look familiar to anyone observing the U.S. debate about financial reform: indeed, the Japanese are watching it closely in case it contains lessons for them.

Japan, however, has a few extra wrinkles: trust banks and commercial banks are also separate, as they are in Canada, and for historical reasons banks that make long-term loans are distinct from those (the majority) that do not. Reform is therefore a highly complex matter that touches on myriad interests within the industry, to say nothing of the multiple fiefdoms within the all-powerful Ministry of Finance and the Bank of Japan.

To be fair to the Japanese, they are not oblivious to the need for change. It has been clear for some time that Japanese banks are losing out in their traditional lending and deposit-taking markets to the more aggressive securities houses who can offer both loan and savings products at highly attractive rates, virtually free from controls.

Technological innovation has also opened up ways round traditional bricks and mortar banking, while the distinction between long and short-term banks is becoming blurred as they compete for dwindling loan business, shackled by interest rate controls and unable to move into more lucrative fields.

Anomalies

It is equally true that Japan would probably have muddled along despite mounting anomalies were it not for the aggressive tactics of the U.S. banks which have struck at the heart of the system. The only significant change the Japanese introduced was allowing banks to sell government bonds last year—a striking departure in the context of Japan's rigid banking structure, but hardly earth-shattering.

Citicorp's acquisition of Vickers da Costa, the London stockbroker—on the face of it a distant and innocuous event—set off the first real tremours. Vickers has a long-established presence in Japan and holds one of the few broking licences ever issued to a foreign firm.

Citicorp also has a branch in Tokyo, which means the deal would give it a unique footing in both the securities and banking business. This forced the Japanese authorities to confront the whole question of how far banks and securities firms should be allowed to cross over into each others' territory.

The Americans turned the heat up a bit more a few weeks later when Morgan Guaranty Trust announced a joint venture with Nomura Securities, the largest Japanese securities firm, to enter the investment management business, turning the spotlight on the separation of commercial and trust banking.

A short while later Bank of America, Chemical Bank and—again — Citicorp announced similar plans with other securities houses.

Because of the touchiness of U.S.-Japanese trade relations and the raging controversy over Japan's barriers to entry by foreigners, both these cases carried powerful political overtones which have made it hard for the Japanese to weigh them on their merits, let alone construct out of them a coherent policy for financial reform.

In fact, it was a calculated move on the Japanese securities houses' part to team up with American banks rather than Japanese ones for their assault on the trust business: an all-Japanese initiative would have been turned down flat by the authorities. As it is, the Americans appear to be getting their way through a combination of boldness and good timing.

The securities houses also enjoy strong political clout in Japan, thanks to stock market favours done for Japanese politicians, making it even more likely that pure politics will carry the day.

The Ministry of Finance, which is responsible for the banking and securities industries, has accepted the need for institutional reform. But it was clearly nonplussed by the speed of events and seem to lack, at this stage, a blueprint for the evolution of the industries in its charge.

Mr Toyoo Gyohten, deputy director-general of the Banking Bureau, said: "Our policy in the past was to protect and control banks so that they did not fail." (Japan has not had a major bank failure since the war). "In future banks will be freer to pursue their own business, but at their own risk."

The deregulation of interest rates and the dismantling of competitive barriers were the major tasks, he said.

The exposure of banks to greater risk obviously carries its dangers, and Mr Gyohten expects Japan will have to beef up its deposit insurance scheme (which is only rudimentary because there is no call for it.) He adds: "Unless we go through this experience, it may not be possible to reach the next stage where banks are able to bet on their own judgment."

Dividing lines

It is still far from clear where the new dividing lines will be drawn. The bank lobby, though keen to offer more securities-based products, will resist any further encroachment by the securities firms; the trust banks will digest any change whatsoever because they have everything to lose, while the securities houses are not afraid of a free for all.

Whatever happens is bound to be slow. The ministry does not want to set precedents with the American deals, knowing that Japanese banks are ready to follow whatever trails they blaze.

The Bank of Japan is also against "structural" changes. But as the U.S. has found, once the reform process is set in motion, it is not that easy to stop.

Foreign banks are struggling to stay ahead

New opportunities opening up

BEING A foreign bank in Japan is no joyride. Nearly a third of the 74-strong banking community lost money there last year, and even those that did get ahead say it was a struggle.

But things could be looking up. The Japanese Government has committed itself, under strong U.S. pressure, to ease access to its financial markets and generally liberalise its banking industry.

Several U.S. banks have taken it as its word by beating on hitherto closed doors. Whether this will lead to early improvements is another matter. But as a British banker commented: "At least there's an acceptance that things must change. And for Japan, that's pretty dramatic."

Part of the problem is that there are just too many foreign banks. For as long as anyone can remember, the foreign banking community has never commanded more than 3 per cent of the Japanese domestic loan market, and each year that pie has to be split more ways.

No one expects the ranks of the foreign banks to shrink. Whether or not they make money, Tokyo is simply a place they have to be.

Other problems include the awesome cost of doing business in Tokyo: controlling overheads is a major headache. Foreign banks have also had only slight success in prising Japanese companies away from their mother banks, though that could be changing.

Well priced

A U.S. banker returning for a second spell reports that Japanese corporate treasurers are much more "savvy" now; they go for a well-priced deal regardless of who offers it.

The loss three years ago of the exclusive right to make foreign currency loans in Japan was a blow which forced foreign bankers to hunt out new niches in the crowded market: everything from warehousing dollar bills for Japanese banks to constructing elaborate offshore deals, an area where the Japanese banks are only now gaining strength, and even financing Japan's notorious "sarakin," the unscrupulous personal loan companies.

Many of the complaints voiced by foreign banks are just part of the hassle of banking in Japan: they apply just as much to Japanese banks who are in many ways as frustrated, though they show it less. The maturing of Japanese industry and the emergence of more sophisticated forms of finance in the capital markets has taken the steam out of the straight company loan business.

Japan's tightly controlled money markets, where interest rates and trading volumes are regulated by the authorities, almost make funding difficult, particularly for foreign banks which cannot take in yen through extensive retail branch networks. The alternatives—bringing in foreign currency and swapping it for yen—are also controlled.

The foreign banks had a chance to air their grievances last year before the Ministry of Finance's Committee on Financial System Research which is examining possible reforms of the banking business.

THE TOP 20

1983

	(Ybn) Assets	Net profits (Ym) (loss)
Citibank	1,431	452
Société Générale	1,173	148
BNP	839	(171)
Bank of America	831	521
Chase Manhattan	742	(23)
Credit Lyonnais	679	365
Banque Indosuez	579	466
Morgan Guaranty	467	1,179
UBAF	343	310
Deutsche Bank	342	592
Swiss Bank Corp	308	61
ABN	289	512
Chemical Bank	284	430
Bankers Trust	260	884
Bank of Montreal	259	(212)
Banca Comerciale Italiana	253	295
Continental Illinois	244	(945)
Lloyds Bank Int	240	464
Manufacturers Hanover Trust	239	2,016
Société Générale de Banque (Belgium)	226	(55)

Source: Nihon Keizaishen Advertising

Three of them, Lloyds Bank International, Bank of America and Deutsche Bank testified about their difficulties and sought greater freedom to fund themselves and offer new types of products.

Lloyds was quite blunt: it told the committee that its expectations when setting up in Japan ten years ago had been "disappointed:" it had been cramped by regulations and treated as a small-time bank even though it was better capitalised than any Japanese bank. Lloyds has actually been reducing the size of its Japanese balance sheet.

Japan will shortly be liberalising the Certificate of Deposit market which should ease some of the foreign banks' funding problems, but probably only a little.

If life is tough, it has at least forced the foreign banks to think extremely hard about their strategies, and a wide variety of approaches is evident.

A top international bank like Morgan Guaranty, for example, with 150 people in Japan, aims to use its muscle and expertise to supply banking services to the major Japanese corporations that the Japanase banks may not be able to match. Mr Peter Culver, vice president, said: "Companies here have sophisticated international needs and want more creativity in the domestic market. We're very optimistic."

On a different level, Crocker National Bank of California with 35 people, tries to stay "lean and flexible" according to the branch head, Mr Gordon Nebeker, and concentrate on making a profit.

On a per employee basis, Crocker has one of the best profit records of any foreign bank in Tokyo.

The most dramatic developments of the last year or so have undoubtedly been the major initiatives taken by U.S. banks to break into new fields from which not just foreign banks but Japanese ones as well had been excluded by Japan's elaborate banking laws.

Citicorp's acquisition of Vickers da Costa, the London stockbroker with one of the few foreign licences to do business in Tokyo, gives it a unique presence in both the securities and commercial banking business in Japan, with major implications for the whole of the Japanese financial community, not just the foreigners.

The same goes for Morgan Guaranty's plans to link up with Nomura Securities to form an investment management joint venture, and similar ones subsequently announced by Bank of America, Chemical Bank and—again—Citicorp. The U.S. banks are not afraid to challenge a few taboos to get new business.

Significant

Less publicised, though in its way just as significant, was the successful application by Citicorp, Chase Manhattan and Bank of America to join the exclusive group of Japanese banks and securities houses which underwrite Japanese government bonds.

Although the privilege of underwriting such bonds is a dubious one since by convention the Government sells its debt at inflated prices, this is the quid pro quo for the decidedly attractive right to be a bond dealer.

With new opportunities opening up and the prospect, however dim and distant, that Tokyo could one day become in its time zone what London and New York are in theirs, foreign banks seem to have better reasons for soldiering on.

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Under strong domestic and external pressure the authorities are easing existing tight controls on interest rates. **David Lascelles** explains

Capital markets start on the path towards decontrol

IF JAPAN's stock exchanges are known the world over for their exuberance, then its capital markets are the exact opposite: dull, tightly controlled and, by western standards, primitive.

Officially, all that is supposed to change. Japan is putting together a plan to liberalise its markets—to expose them not just to the full currents of the Japanese economy, but to the world at large. But this is not the first time that decontrol of interest rates has been on the Japanese agenda, and sceptics say they will believe in liberalisation when they see it.

Not surprisingly, the Japanese authorities are approaching the matter with traditional caution, fearful of upsetting the delicate balances that have kept Japanese interest rates among the world's most stable for decades.

For once, there is some urgency. Even leaving aside the powerful political pressure from the U.S. and the EEC to liberalise—which Japan could probably stall if it really wanted to — forces are building up domestically which could seriously distort the financial markets unless something is done.

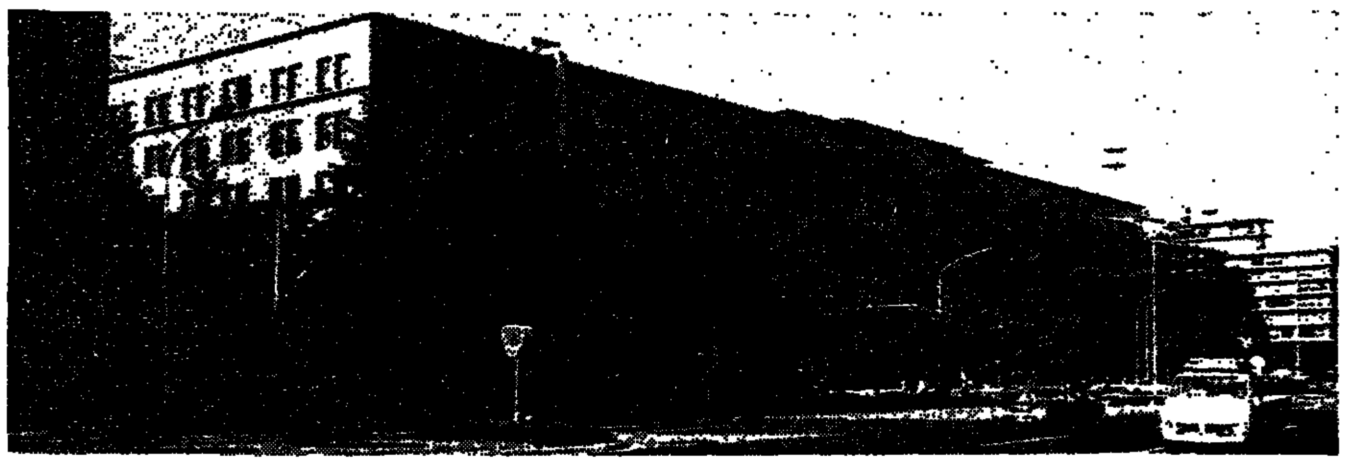
A special research group set up by the Ministry of Finance last year reported that liberalisation "is a task that cannot be dodged."

The strongest force is the ballooning government budget deficit which is putting pressure on interest rates and overwhelming the captive syndicate of banks through which the Government has traditionally funded a large portion of its debts at artificially low interest rates.

In the next couple of years, the first wave of government bonds issued ten years ago will mature, and the necessary refinancing demands a proper secondary market.

Similarly, the burgeoning volume of Treasury bills, normally absorbed by the Bank of Japan, again at low rates, points to the need for a money market that does not merely exist at the whim of the authorities.

Another factor is the rapid increase in private sector assets (the Japanese are diligent savers) and the public's growing insistence on a realistic rate of return for their bank deposits and money market investments.


The Ministry of Finance: responsible for the soundness of the banking system

Another shift is the erosion of barriers between banks and the rest of the finance industry: this is undermining carefully tiered bank deposit rates, and draining funds out of the banking system. Rapid technological advance is also reducing costs and making a freer interest rate structure easier to manage.

Finally, the growing international role of the yen demands that it be rooted in realistically-priced financial markets, even if this means Tokyo has to give up some control over its currency.

A symptom of the strains resulting from the market's cramped conditions is the rush by Japanese corporations to fund themselves abroad. In fiscal 1983, they raised 48 per cent of their new capital outside Japan, up from 37 per cent in 1982 and 30 per cent the year before that.

Mr Hirotake Fujino, deputy director general of the Ministry of Finance's Securities Bureau, commented recently: "Naturally, these increases are due to attractive issue conditions in foreign markets, and especially in the Swiss franc market (which Japanese companies have flooded with convertible bond issues).

"However, it cannot be denied that it is also a reflection of the rigid structure on the domestic capital markets."

Japan has already taken steps to ease the structure somewhat: bank deposit rates are being deregulated, and some parts of the capital markets (such as the "gensaki" bond repurchase market) are officially free of control, though that means little when the Bank of Japan still keeps a lockgrip on the basic cost of money.

The Nakasone Government also committed itself to various specific measures at last year's U.S. summit, notably the improvement of the certificate of deposit market (which should ease banks funding problems).

Fundamental reform is still being debated within the Bank of Japan and the Ministry of Finance, however, and the next major step may not become clear until they reveal their promised package of measures, probably in April.

The Bank—unusually for a central bank—seems to be much more enthusiastic about liberalisation than the Ministry. Mr Haruo Mayekawa, the president, has called on several occasions for change. Officials there say they are worried that over-regulation will simply drive the financial markets abroad where they will no longer be able to control them.

The bank believes that monetary control will, in future, have to be exerted by moving interest rates rather than through "guidance," so it wants markets that can move freely.

The Ministry, on the other hand, with its broader responsibilities for the soundness of the banking system, managing the budget and the healh of the economy in general, wants to move more slowly.

The ministry is worried, among other things, about the ability of banks, particularly small ones, to cope with freer interest rates (for which read higher interest rates), and the impact on an already lopsided budget of a rise in yields in the government bond market.

On the international side, Japan has promised to "open up" the Euroyen bond market, an offshore pool of some $30bn. to domestic Japanese borrowers. Like the Euroyen syndicated loan market and the samurai bond market (for foreign borrowers raising yen in Japan) it seems unlikely that major progress will come quickly.

The Japanese government takes a hands-on/off approach to all these markets, depending on the fortunes of the yen and the balance of payments. Even though Japanese companies will technically be allowed to float Euroyen bonds starting in April, it will be pointless until the Government exempts issues from withholding tax, which seems unlikely, given budgetary constraints.

One casualty of the whole liberalisation debate is the much-discussed plan for an offshore market in Tokyo—if it ever stood a chance. The Bank of Japan is hotly opposed, saying domestic markets must be liberalised first. Even its author, former vice-minister of Finance Takashi Hosomi, describes it as "last year's question," now overtaken by events.

To western eyes, the pace of change may seem glacial. A Finance Ministry official says: "It may not look like it to you, but there is a revolution going on." The trend, at least, is evident and there is no mistaking that Japan will have bigger problems on its hands unless it keeps the process going.

Generous yields are being sought, James Altschul reports

Insurers lead rush for foreign bonds

JAPAN'S LIFE insurance companies, the country's largest institutional investors, stand at the forefront of Japan's invasion of foreign securities markets. The life companies have been snapping up foreign bonds in assorted currencies at a vigorous pace for the past few years, and have also made limited forays into overseas equities and real estate. In addition, marine and fire insurers have been buying foreign securities, albeit on a small scale.

The healthy appetite of Japanese insurers for foreign securities is linked to various changes in the investment climate and economic situation in Japan. Above all, they are hungry for the generous yields which bonds in certain currencies offer.

The life companies have bought far more than the marine and fire insurers largely because the former are much bigger. The 22 life insurance companies hold over Y36 trillion in assets, while the 22 marine and fire companies manage around Y8 trillion. Mr Iwaki Tabayashi, manager of the securities division in Yasuda Marine and Fire's Investment Department, explained that this divergence stems in part from the fact that Japanese are covered by a National Health Insurance scheme, and thus do not need to take out private policies.

The Government is considering cutting the proportion of coverage from 100 per cent to 70 per cent, but has not come to any conclusions.)

Marine

Moreover, life companies enjoy the right to manage pension assets, while marine and fire insurers do not. And the Japanese people have bought more life insurance per capita than the citizens of any other nation. At the end of 1981, the assured amount per head averaged Y4,827,000 ($25,400) in Japan, compared with the equivalents of Y3,507,000 ($15,136) in the U.S. and Y1,834,000 ($7,894) in the UK.

The marine and fire insurers have begun to look more for long-term capital appreciation. Traditionally, these companies sold only one-year policies. They therefore concentrated on short-term investments, with high liquidity. But in 1976 they introduced a five-year personal accident policy, which combines conventional coverage with savings. This policy now accounts for nearly 20 per cent of Yasuda Marine and Fire's total assets.

Consequently, the marine and fire companies have been taking a more long-term perspective. And they wish to diversify their portfolios in case of a major earthquake. The foreign portfolio of Yasuda Marine and Fire, the second largest non-life insurer, has ballooned from the equivalent of Y10bn ($43m) three years ago to an estimated figure in excess of Y200bn ($860m) at the close of this fiscal year, which ends on March 31.

The foreign investments of the other members of the industry's "Big Five" (Tokyo, Taisho, Sumitomo, and Nippon) have shown similar growth.

The marine and fire insurers have not been as bold as many of the life companies in selecting foreign investment alternatives. Foreign assets totalled 3.97 per cent of total non-life companies' assets as of March 31 1983, up from 3.06 per cent the previous March but well below both the 10 per cent limit established by the Ministry of Finance and the 6.3 per cent share foreign securities held in life insurers' portfolios as of last March.

Further, the marine and fire insurers have stuck almost exclusively to bonds when they invested overseas.

At home, while the non-life companies have acquired proportionally more stocks (21 per cent of total sales as measured on a book value basis, which is one-half or one-third of market value, compared with 16.1 per cent at the life insurers), they have largely avoided real estate investment, primarily because of MoF guidance.

Tokyo Stock Exchange First Section stocks constitute the bulk of Yasuda Marine and Fire's equity holdings. "Second Section and OTC stocks have risen so rapidly in the short term that it would be difficult for us to buy large sums in those markets," Mr Tabayashi explained.

Some of the life companies have also stuck primarily to First Section companies.

Other life insurers, however, have taken substantial positions in smaller companies. Over-the-counter and venture firms account for between 20 and 30 per cent of Meiji Life's equity holdings. Nippon Life has also bought Second Section and unlisted companies.

Portfolios

Direct loans have always been a major outlet for the funds of both kinds of insurance companies, but their importance has been declining as a result of the high degree of liquidity which has come to characterise the Japanese economy. Loans represented 56.8 per cent of total life company assets and 21.13 per cent of marine and fire insurers' assets in fiscal 1982.

The quest for high yields has led to heavy purchases of foreign bonds. Meiji Life's Mr Yuichi Sakai says the average yield on Japanese shares has declined from the 4 per cent which prevailed until 1970 to around 1.25 per cent now. And the gap between interest rates in Japan and those in certain advanced economies has widened dramatically. Consequently, life company holdings of foreign securities, mostly bonds, skyrocketed from Y13.4bn in fiscal 1979 to Y669bn in fiscal 1980 and Y2,169.3bn in fiscal 1982 (which ended last March 31). Even at these levels, life insurers remain within the 10 per cent of total assets limit imposed by the MOF.

Insurance companies in general have concentrated on foreign bonds denominated in four currencies—U.S., Canadian and Australian dollars, and sterling—but they have made forays into French francs, Dutch guilders, New Zealand dollars, and other currencies. The mix varies considerably from company to company.

Life insurers have moved very cautiously into foreign equities. Foreign stocks as a percentage of total overseas investment at Meiji Life, which has been more aggressive in acquiring domestic stocks than its competitors, rose only from 2.8 per cent in March, 1981, to 4.2 per cent in August, 1983.

Life companies have just begun to buy real estate abroad. All the properties are in the U.S. Yasuda intends to, but has not made any acquisitions yet.

James Altschul is Tokyo correspondent of Asian Banking magazine.

The Tokyo stock markets are suffering a temporary lull but experts are confident it will not last. **Yoko Shibata** reports

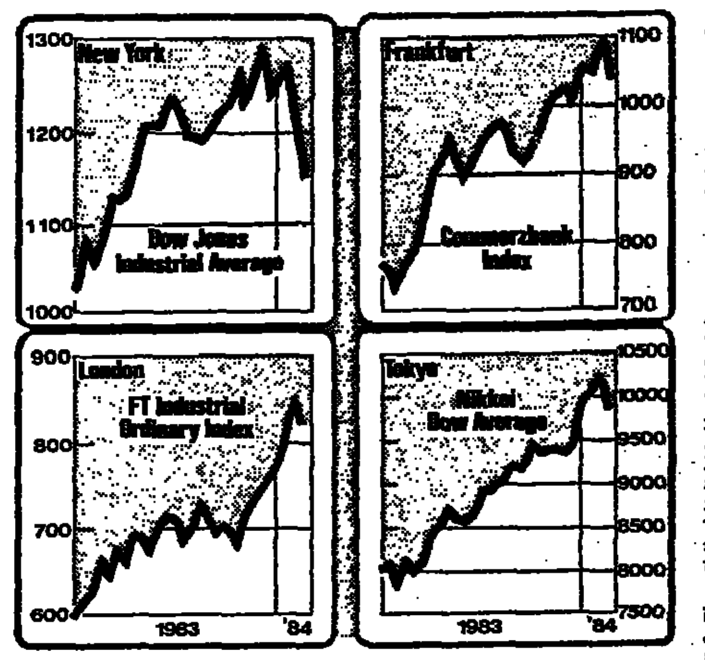
Another bullish year predicted

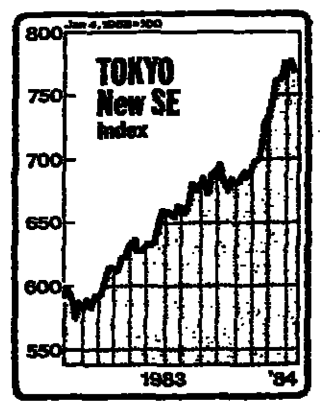
THE TOKYO Stock Exchanges got off to a good start this year with the Dow Jones index breaking the historical yen *10,000 mark for the first time* in early January, as if to underline the Japanese proverb that a bullish market is expected in the "year of the rat." Because it breeds quickly, the rat is seen as symbolising wealth.

Passing the barrier on January 9th had already become a foregone conclusion, given the steep rise in stock prices towards the end of 1983.

The steep upswing of stock prices over the year reflected a global upsurge in stock prices, led by the Wall Street. The strong recovery of the U.S. economy, helped by the price stability brought about by lower oil prices, had a growing influence on the Tokyo market. The widespread anticipation of higher corporate earnings generated by a non-inflationary economic upturn at home also boosted the shares.

As for the outlook for the Tokyo market for the rest of the current year, most market participants are predicting a continuation of the bull market, even taking into account a major correction somewhere along the way.





Adjustment

Currently, the market is affected by a hangover caused by its own bullish binge last year and by the steep fall of stock prices in New York. Most Japanese stock-brokers believe, however, that Japanese economic fundamentals look extremely good this year, and they differ only on the length of adjustment period before further upward movement.

Although the Japanese economy shifted to lower growth in the wake of the second oil crisis, the country performed better than other advanced nations, showing real growth of 4.8 per cent in 1980, 3.8 per cent in 1981, 3.0 per cent in 1982, about 3.6 per cent in the current fiscal year ending March. A growth rate of 4.1 per cent is projected for 1984.

Japanese corporations are also performing remarkably well. Brokerage houses are now revising their earning forecasts steeply upward. According to Wako Securities, earnings of 413 listed corporations on the first section of the TSE hit the bottom in the six months to September 1983, but are rebounding sharply to register a 45 per cent gain in recurring profits in the half year to March 1984, surpassing the previous high for the first time in seven-half year terms. Recurring profits are expected to fall by 2 per cent in the September 1984 half year, but to increase by 12 per cent in the March 1985 half year.

Wako said that taking earnings in September 1973—immediately before the first oil crisis—as 100, the index for March 1984 is expected to reach an historical peak of 178, surpassing the previous record of 177 registered in the half year ended September 1980.

The extremely high level of liquidity among Japanese financial institutions, such as life insurance companies and trust banks, and the absence of investment alternatives contributed considerably to the surge of the Tokyo stock market last year. Financial institutions were net purchases of stocks by Y500bn last year, trust banks in the first half of the 1983 fiscal year earmarked Y173bn out of their net assets for stock purchases; life insurance companies are also expecting to earmark about 16-17 per cent of net assets in the current year for stock investment.

With the monetary easing as a backdrop, Japanese industrial corporations have used their huge liquid funds in the equity market. Despite a crying need for funds for their own capital investments, some industrial corporations use surplus money to purchase stocks so as to secure high returns, and some of them purchase stock even by borrowing money from banks. With money easier and demand for bank lending slack, both financial institutions and industrial corporations are expecting to step up their buying of stocks, which may boost the daily turnover to 2 bn shares this year, some optimistic participants of TSE believe.

Cautious

Meanwhile, some brokers do take a more cautious view, pointing to several uncertain factors scaring off institutional investors such as the outcome of the U.S. presidential election, war in the Middle East (including possible closure of the Straits of Hormuz) and the upturn of the U.S. interest rates. Some brokers argue that higher Japanese corporate earnings have already been discounted by the market rally up to January 9, and institutional investors are expecting to diversify their investments more actively for high-yield financial instruments other than stocks.

The massive foreign buying of Japanese stocks since the middle of last year has given a major boost for the Tokyo stock market. Net foreign buying of Japanese stocks handled by 14 major securities houses trading in issues listed on the TSE first section, totalled Y666.5bn last year, accounting for 19.4 per cent of the total turnover (against only 6.3 per cent as recently as 1979). This share is close to the 20.7 per cent commanded by Japanese business enterprises.

Since the U.S. shifted to an easier monetary policy in summer of 1982, U.S. corporations pension funds have actively launched into Japanese equities and a fully fledged inflow of U.S. public pension funds is also expected this year.

Foreign investors usually buy high-priced internationally-known blue-chips in electronics, machinery, finance and electrical equipments. They also buy Japanese blue-chip stocks in large lots—sometimes placing orders of Y300m-Y500m for a stock at once.

As a result, foreign buying of Japanese stocks plays a major role in the stock price formation on the TSE, where floating stocks account for only 30 per cent of the total in market value. Accordingly, foreign investors' movements have been closely watched by Japanese investors. At present foreign funds are standing on the sidelines, waiting for a clear picture of future trends, and this, in turn, has become a concern of the Tokyo market.

However, Tokyo brokers confidently insist that foreign funds are not shifting away from the Tokyo market, since Tokyo has now established itself as a solid place for international portfolio investments.

Foreign investors often feel misgivings about the abnormally high valuation placed on Japanese shares, twice as much as in the U.S. in terms of price-earnings ratio (p/e).

Such a big difference results from the unique structure of the Tokyo market, where 70 per cent of listed shares are controlled by corporate shareholders (financial institutions and business enterprises), the rest by individual shareholders. The interlocking shareholdings of Japanese corporations and their holding of equities as business assets for long terms without frequently returning them to the market for resale, help to stabilise share prices but strain the supply-demand situation.

As the corporate demand for bank lending has slackened, Japanese financial institutions and business enterprises have begun to use their liquid funds massively in equities, which has caused chronical shortage of stocks in the market. On top of this, investment trust funds, individual and foreign investors are actively participating in the market. This has put further upward pressure on Japanese share values, since p/es are determined by the supply-demand situation.

High prices

New listings and high-priced shares featured on the Tokyo market last year, and have been hunted heavily by investors. Such shares as Hakeda Riken, Mutoh, Fuji Rebio and Rohm opened their listings after a week or more unquoted period and proceeded to double or triple in price over the initial offering. High-priced shares such as TDK Fanuc, Kyocera with stock split potential and issues undergoing financing attracted investors.

Foreign investors shifted their interest to high-priced technology growth stocks in the second section of the market at the expense of blue-chips. This wave of interest in technology-oriented stocks boosted prices in the TSE's second section dramatically last year. The TSE index of 300 selected stocks in the second section recorded a sharp gain of 80 per cent during the year to finish the year at an all time high of 1,504.22.

Equally, interest in technology-oriented "venture business" has breathed new life into Japan's stale and long-forgotten over the counter (OTC) market. The new OTC market opened last November and is designed to provide small-medium companies with growth potential with additional means of fund procurement by public subscription.

According to brokerage houses, about 120-130 companies plan to offer their stocks for public subscription at the nation's stock exchanges and the OTC market in fiscal 1984-1985, compared with only 22 companies in 1983.

The equity market still belongs to insiders, says **Jurek Martin**

Foreign brokers set for a shakeout

THE BIGGEST growth industry in Japan, next to aerobic dancing and semi-conductors, lies in the physical presence of foreign brokers in Tokyo.

This does not simply reflect the fact that there are now more American and European brokers here than ever before, digging out the investment advice clients need; almost single-handedly they have created a new jobs phenomenon in this land of presumedly lifetime employment—a genuine transfer market in which Japanese analysts are forsaking their national employers to ply their trade with foreign securities houses.

Control

Yet, this does not mean that open season has arrived on the Tokyo and regional stock markets. No foreign firm has a seat on the TSE and only one enjoys partial and indirect control of a Japanese concern; only eight have licences to deal (that is, through Japanese brokers); most have representatives offices only and find that, at present at least, this modest status is sufficient.

The enduring characteristic of the Japanese equity markets is that it still belongs to insiders. Disclosure requirements are rudimentary (as many a Japanese corporation discovers to its discomfiture when it goes after a listing on foreign exchanges) and the ties that bind Japanese corporations and their financial cohorts are of a depth that it could take a non-Japanese institution years to obtain.

Every foreign broker operating in Tokyo has a dozen tales of Japanese firms "ramping" a stock and the most honest ones concede they do not always know ahead of time that such an operation is being conducted, or even when it has been stopped; every foreign broker can produce a list of political "hot stocks" (a popular device for fund raising purposes) but cannot always be sure when such a stock is being so used.

However, the Japanese markets are large enough—and the consequent opportunities great enough—that lack of perfect inside knowledge is not a major deterrent. Indeed it is often precisely the institutional rigidities of the Japanese system—inextricably tying, for example, a brokerage house and a company—that leaves a large margin in which foreign securities firms can operate profitably, especially, of course, in a bull market.

The great question, begged most recently by the retention by Vickers do Costa of its licence in spite of its takeover by Citicorp, is whether the status quo will persist, and whether foreign financial institutions need more formal Japanese presences.

The ultimate goal, of course, is membership of the TSE, to which there is no institutional barrier. The biggest stumbling block is the cost of admission—roughly Y2bn for a seat—and even this, in reality, is only part of the price of admission. The service infrastructure that would have to be maintained (analysts, dealers with Japanese expertise but presumably with built-in Western training and quality controls) does not come cheap.

The entree of the licence to deal is clearly a useful halfway house. Its principal attraction is that it enables the licensee to rebate 73 per cent of nominal fixed commission rates to a customer (though Japanese rates are low in any case) against the approximately 30 per cent reduction that ordinary representative offices can normally provide.

Possession

But again there are hidden costs. Possession of a licence and full branch office status subjects a securities house to more complex and burdensome Ministry of Finance regulations (covering everything from tax status to the physical size and location of premises and even to the desirable number of employees).

There is a widespread assumption here that some of the more diversified foreign operations, especially those planning a high volume of transactions, will conclude that this is a bearable cost. There are persistent rumours of a fairly constant trek to MOF's doors by those wanting to join the existing club of eight.

However, in permitting Vickers to retain its licence, MOF carefully prescribed the relationship it considers desirable between the brokerage company and its Citicorp parent. Given the prevalence of the ownership overseas by banks or bank holding companies of securities operations, it is far from clear that all potential candidates for a licence will be able to meet MOF specifications. As it is, MOF freely concedes that it is determined to avoid broad precedent-setting rulings and intends to treat each case on its individual merits, a time consuming process.

Obviously, there is a sizeable coterie of foreigners operating in Tokyo to whom neither membership nor possession of a licence is necessary. This includes those concerns principally involved in handling Japanese external investments, for example.

Yet, as the process of liberalisation gathers pace, which it inevitably will, a shakeout in the foreign presence cannot be avoided, particularly as knowledge of the complex rules of the Japanese equity game becomes more widely disseminated.

There is no reason to suppose that Japan can be immune to the general phenomenon, so evident in other markets, that big fish eat little fish, though it may take longer here for dinner to be served. In the meanwhile there are enough hors d'oeuvres to go round.

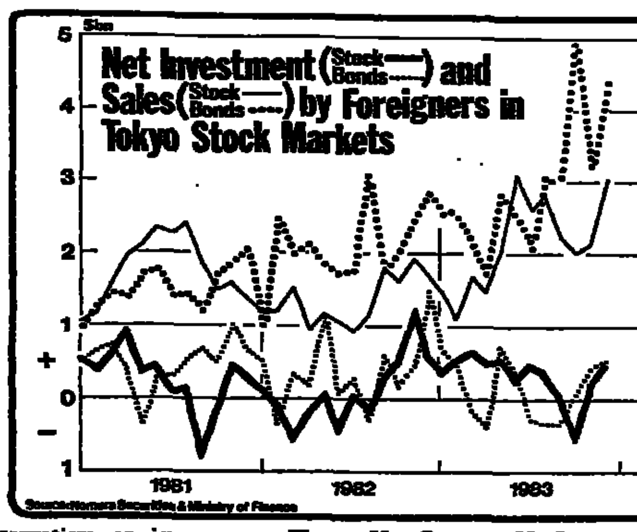
Portfolios now include more small companies, says **John Makinson**

European fund managers increase their exposure

THE PRESENCE of European portfolio investors in the Japanese market has for the past few years been overshadowed by the dramatic incursions being made from elsewhere. In the late-1970s, Opec members began to invest heavily in Japanese securities as their growing oil surpluses gave them a leading role in investment markets. More recently, U.S. pension funds have emerged from their shells in order to buy foreign securities. Their first port of call has often been Tokyo.

Yet, while the Europeans have not been grabbing the headlines, they have steadily increased their exposure to the Japanese market. At the same time, they have stepped up their research effort and now reckon to be considerably more sophisticated students of the market than, for example, the Americans who, in the words of one experienced Tokyo watcher, "are still a bit green."

Several British merchant banks and continental institutions have a long pedigree of involvement with the Tokyo stock market but most of them would acknowledge that, until five years ago, their understanding of its was fairly rudimentary. Investment was concentrated on a narrow range of blue-chip shares, which could be traded in size and typically offered an exposure to growth industries which were in their infancy elsewhere.



High flying

The high flying technology companies still account for a lion's share of average European portfolios but interest has recently widened to accommodate smaller companies, listed on the second tier of the Tokyo Stock Exchange, and cyclical stocks for which there are counterparts listed on other bourses. In London, fund managers have recently launched a plethora of unit trusts investing in smaller companies or special situations. Even the provision of venture capital to unlisted companies has started to catch on.

The earlier reluctance to diversify portfolios was not entirely a reflection of conservatism or ignorance. The Tokyo market is dominated by the four leading securities companies which frequently target a share price for special treatment and move it dramatically in one direction or another. The risk that foreign investors will be caught on the hop by this strategy is greater in the case of companies with a small market capitalisation than with blue-chips.

While the Europeans are understandably suspicious of what they perceive as share price manipulation, the Japanese themselves see nothing wrong in it. As one leading French investment manager puts it: "I'm not sure that most foreigners understand the Japanese custom of having a memo for the week."

Nonetheless, the confidence of European investors has grown enormously over the past few years and, as their exposure to the market has developed, share prices in Tokyo have frequently been determined more by the activity of foreigners than by the domestic participants. "Until recently there were just a few Tokyo specialists in the Paris investment community," the same investment manager says. "The rest were interested in 10 or 15 stocks. Yet, over the past year, people have started to follow second section and cyclical stocks."

Mr Graeme MacLennan, of Edinburgh Fund Managers, believes that Japan is finding a much more important place in international portfolios. Over the past year, he says, a lot of new money has come into the market, from domestic as well as foreign institutions. The flow of money into high-technology stocks had driven many share prices on to what some European fund managers saw as ridiculous earnings multiples by the end of last year. Yet, rather than sell up and withdraw from Tokyo, many foreign institutions switched into the more lowly-rated basic industrial shares.

Rich pickings

The evidence of greater European interest has encouraged securities firms, both domestic and foreign, to step up their marketing efforts. The Japanese securities houses have all expanded their European networks over the past few years, while Tokyo has provided rich pickings for a handful of London stockbroking firms.

Citicorp, the U.S. commercial bank, surprised many in the City last November when it announced that it was taking a 29.9 per cent stake in Vickers da Costa, a medium-sized London stockbroker, in a deal which valued Vickers at a hefty £22m. For Citicorp, however, the key to the transaction was control of Vickers' large international operations and, in particular, its securities dealing licence in Tokyo.

Mr Michael Thomas, a director of Vickers responsible for Japan, says that Europeans have become much more active traders in the Tokyo market recently. This partly reflects the growing interest of private investors in buying Japanese equities through unit trusts. Since the unit trust movement is very performance-oriented, active trading is encouraged—particularly as the Tokyo market is often highly volatile.

The institutional investor can justify a heavy exposure to Tokyo on the grounds of currency and general risk diversification alone. For the private investor, however, the main attraction is the prospect that the market's remarkable record over the past few years will be extended. As one fund manager puts it: "There is a belief, *without foundation*, that the economy will grow for ever and that the market will be good for ever." Funds with which he is associated often used to have 40 per cent invested in the U.S. and 10 per cent in Japan. Now, he says, it is much more *evenly spread between the two*.

Yet, while he is sceptical about the occasional euphoria surrounding the Tokyo market, he would probably agree with another European fund manager who maintains that it has never been right to be out of the Tokyo market for more than a short period.

For the moment, says Mr Thomas, European investors are divided about Japan. "There is a mixture of views; some people are nervous of Wall Street in the short term and are therefore keeping a high cash component in Tokyo. Yet many longer-term investors are encouraged by the strength of liquidity in the market and by the probability that the domestic sector will take up the running from the export-led economy as capital spending, housing and consumption pick up."

John Makinson

Mr Setsuya Tabuchi (left), Nomura's president: he moved up through the group's sales division. Mr Masanori Ito (right), vice chairman: chief proponent of the move into foreign markets.

PROFILE: NOMURA SECURITIES

Challenging for the top spot

The Nomura Securities Company is not merely the largest securities group in Japan; it ranks as the country's most powerful financial institution and vies with Merrill Lynch of the U.S. for the number one spot in the world securities industry. In the year ended last September, the group's net income leapt to Y69bn ($292m) from Y41.6bn, putting it streets ahead of its domestic competitors.

Nomura established its position immediately after the second world war when it helped to rebuild the country's savings by depositing piggy-boxes in homes and taking away the proceeds to invest in the stock market. This simple but effective marketing formula gave it a head's start over the rest of the securities industry.

Ironically, its very success is now Nomura's principal handicap. It cannot increase further its share of trading in the Japanese equity and bond markets without risking anti-trust reprisals and recently resorted to the stratagem of creating a new stock trading subsidiary into which to funnel some of its growing business.

Faced with a limit on its domestic growth, Nomura has turned overseas. The group has established three regional centres — London, New York and Hong Kong—linked by a sophisticated data communications system and *offering* the investor a global financial service. None of its competitors doubt that Nomura has the resources and commitment to build an international financial services group. And, as the markets themselves become more integrated, the strategy clearly has a solid foundation.

Yet Nomura is attacking the foreign markets with disadvantages which, for example, its counterparts in the electronic and motor industries never knew. The *lingua franca* of international securities markets is English and trading practices have an Anglo-Saxon root. Nomura, like the other Japanese securities markets, is sallying forth from a domestic market which has traditionally been highly *protected* and, *some* would say, unsophisticated and insular.

Nomura is meeting the challenge by hiring graduates in its three regional centres, by strengthening the co-ordination of its activities and by an active marketing approach. In London, however, the group is still waiting for a banking licence from the Bank of England and has not so far made its first move to exploit the changing relationships in the City.

Nomura has pinned its colours firmly to the international mast—the chief proponent of the strategy was recently promoted to become vice-chairman—but outsiders are still questioning whether the ship will sail as fast and as smoothly as its American competitors.

J. M.

Barbara Casassus looks at moves to bring order to the lending industry

Stricter standards for Sarakin

THE NEED for a centralised credit information system serving all branches of the consumer finance industry is now becoming urgent, with a sharp rise in delinquent cash borrowers adding to the controversy already surrounding personal loan companies.

An important step in regulating these operators, known as sarakin (a name derived from salaryman and kinyu, Japanese for finance), was taken last spring, when after six years of intermittent debate, the Diet (Parliament) finally amended two laws to curb the worst excesses of market practices.

The new legislation, in force since last November 1 and "administrative guidance" issued to fill in the gaps, brought down the loan interest rate ceiling from 109.5 per cent to 73 per cent for three years, then to 54.75 per cent and eventually to 40.004 per cent.

Standards were established for advertising and debt collecting techniques, which had involved strongarm tactics notorious for helping drive borrowers to bankruptcy or suicide. Furthermore, companies must register with their local authorities by the end of next October and may lend no more than Y500,000 or 10 per cent of a borrower's annual income.

Too late

Although welcomed as a step toward bringing some order to the business of extending unsecured loans for unspecified purposes, the measures came too late to prevent bad debts from spiralling at an alarming rate, as one analyst described them, and are wholly insufficient without centralised credit information.

Delinquency is already biting into profits, which nonetheless remain at levels precluding insomnia, and for the top four sarakin generated a massive increase in the debt/loss ratio last year. While loans outstanding rose from Y872.4bn in 1982 to Y1.1 trillion in 1983, debts written off soared from just under Y10bn to Y77bn.

The largest firm of the four, Takefuji, alone wrote off Y31.5bn, expanding its debt/loss ratio from 1.4 to 8.8 per cent, and incurring its first ever decline in net profit, down 26.6 per cent to Y6.4bn.

Apart from the problem of bad debts, margins are shrinking throughout the consumer finance industry, basically because companies have aimed for growth at any price to expand their market share. This has bred stiff competition, including among larger sarakin branches, and has helped bring interest rates down. In some cases, sarakin deliberately overlent to make their funds work, especially when costs were high, and sent loan amounts up to a point where Y1m was no exception. Takefuji has increased its branches from only 76 in 1978 to 510, inevitably creating problems of staff recruitment and training. According to one source, the average age of Takefuji branch managers is about 25 years and the standard of education is low.

One point commanding wide agreement among those connected with the industry is that despite enormous potential for growth, the consumer industry market will never mature until the credit information question is settled. Each branch of the industry now has its own data bank, all except one operating on a regional basis and most with limited or no use of computers.

This was no problem a few years ago, when operators kept to their own territory and only sarakin granted unsecured cash loans. But now the barriers are breaking down and all types of company are tapping the same market, at least in part. Talks on centralising credit information have apparently been under way since the middle of last year, with encouragement from the Ministry of Finance (MOF), but companies appear to consider that sharing data is of greater advantage to their competitors than to themselves.

For the half dozen American capital finance firms remaining (three have pulled out, including GEC Credit, a joint venture between Toshiba Corporation and GEC), a major concern is their exclusion from the Tokyo cash loan companies' information centre, the Japan Data Bank (JDB). Operating with this handicap, some are easing back on cash loans and are emphasising their mortgage business, an area they are all familiar with.

Citicorp Credit Inc is now lobbying to gain admission to the JDB and, according to executive vice president Jack Flannery, has the backing of its powerful parent to take the matter to Capitol Hill if necessary. He points to the irony that Citicorp Credit wholesales funds to some sarakin JDB members and particularly resents the discrimination as the company, like other foreign firms, was virtually invited into Japan to help build up the then fledgling personal loan industry.

A barometer of the competition for cash loans—and for sarakin part of a bid to shed their loan shark image—were the decline in interest rates which set in long before the new legislation became effective. These have come down almost across the board, with foreign companies competing with shinpans (hire purchase specialists) at about 28 per cent and top sarakin cutting their rates to well below 50 per cent. A Takefuji spokesman said their average rate is now 40.7 per cent and the maximum just under 42 per cent.

While some smaller sarakin have shaved their rates to the 73 per cent ceiling since November, others have brought them straight down to 54.75 per cent, with the result that medium-sized companies are being squeezed out. Realising they will never meet registration criteria, some have closed down and others have been taken over in part or in total. In December, Japan Security Pacific Finance acquired the portfolios of seven branches of Honda Chiyo, a medium-sized sarakin.

Sources expect the industry to go through an interesting next two years while it settles down. The MOF and prefectural authorities are inspecting sarakin establishments, selecting a random 20 per cent of each company's branches and issuing instructions for corrective action.

Meanwhile, the cash loan business is acquiring a certain respectability. One indication is MOF's recent announcement that Japanese banks and other financial institutions may set up subsidiaries to engage exclusively in personal lending.

Others are that the top sarakin will probably go public at some point, although bad publicity has pushed such a move further into the future than they might like, and Lake's acquisition of the 12-branch California-based Imperial Thrift and Loan Association last December.

The fact that the deal had to be approved by the authorities in both countries is seen as a direct endorsement of Lake and an indirect endorsement of the sarakin industry. And it could just be a start, as a couple of study missions from other firms are understood to have visited the U.S. recently.

Respectability has played a significant role in the shift in sarakin sources of funds. Foreign banks have been important lenders for some time, but have now been overtaken by life insurance companies, whose credit outstanding at the end of September 1983 represented 32 per cent of the total, compared to foreign banks' 25 per cent.

The overall amount outstanding to sarakin dropped from Y1,099.5bn to Y1,003.2bn, with Japanese banks' funds falling by 24 per cent and city institutions pruning theirs by a massive 58 per cent. Some foreign bank branches claim to have been instructed by their head offices to dispense with sarakin entirely and expectations are for a further overall decline at the end of the fiscal year in March.

Call for restraint

The reasons for the decrease are MOF's mid-year call for restraint in lending and lower consumer demand. Possibly individuals know it is harder to obtain loans, so don't always bothers to ask, and the sarakin phenomenon has become such an established social problem that borrowers no longer feel as compelled to hide their over-indebtedness as they did. Lending to sarakin remains a lucrative asset, even though operators' funding costs have come down from about 15 per cent a year ago to 9 per cent, and can still give banks generous spreads of 1½ to 2 per cent.

The consumer credit industry might seem to be dominated by cash loan problems, but sources regard this as only a passing phase. With the rapid advance of electronics, they envisage a time when credit cards, cash dispensers and automatic teller machines will be so widespread that standard practice will be for people to have card access to a revolving line of credit. The industry will have come a long way from the Edo Period, which ended in 1867. Then only the blind were apparently entitled to engage in money lending.

LENDINGS TO SARAKIN
(as of the end of September 1983)

	DIRECT LOANS				INDIRECT LOANS			
	End of Sept. '83		End of Mar. '83		End of Sept. '83		End of Mar. '83	
	Ybn	%	Ybn	%	Ybn	%	Ybn	%
Banks	59.1	(11.8)	54.5	(10.8)	154.1	(30.6)	225.7	(38.1)
City banks	22.3	(4.5)	16.5	(3.2)	22.6	(4.5)	91.9	(15.5)
Regional banks	20.4	(4.1)	26.2	(5.2)	13.5	(2.7)	24.4	(4.1)
Long-term credit	0.7	(0.1)	0.2	(0.0)	29.7	(5.9)	20.2	(3.4)
Trust banks	15.7	(3.1)	11.9	(2.3)	88.3	(17.5)	89.2	(15.1)
Foreign banks	252.0	(50.3)	243.2	(47.9)	3.4	(0.7)	3.6	(0.6)
Mutual banks	156.1	(31.2)	176.3	(34.7)	23.7	(4.7)	15.9	(2.7)
Credit Association	17.0	(3.4)	15.5	(3.1)	2.4	(0.5)	2.6	(0.4)
Life insurance	8.1	(1.6)	8.5	(1.7)	312.0	(62.1)	336.1	(56.8)
Casualty insurance	8.3	(1.7)	9.4	(1.9)	7.0	(1.4)	7.9	(1.3)
Total	500.6	(100.0)	507.7	(100.0)	502.6	(100.0)	591.5	(100.0)

The main shopping area at East Shinjuka, Tokyo.

Aggressive stance by Post Office

THE JOKER in the Japanese banking pack is the huge Post Office Savings Bank. With Y84 trillion (about $350bn) in deposits and 22,000 branches, it is as big as all the major Japanese commercial banks combined, and it competes in the same markets free from the supervision of the banking authorities.

The Post Office is also becoming more aggressive: it resisted pressure from the Bank of Japan to cut deposit rates when the discount rate was reduced last autumn, and it fought to keep its automated teller machines working on holidays when the banks shut theirs down. Both the banks and the Ministry of Finance want postal savings to be brought under tighter regulatory control.

But since postal savings have a huge popular following and investment in trillions of yen worth of government bonds each year, they are in a position to command respect.

David Lascelles

Pressure for change

CONTINUED FROM PAGE ONE

advance of the Reagan visit to Japan last November, by the U.S.—and then, many Japanese believe, only because it had proved politically impossible to resolve such thorny commercial issues as agricultural trade.

But the genesis of the movement is, at this stage, less important than the fact that the U.S. is now leading it and that Japan is gearing itself to meet U.S. demands.

It is not clear precisely what the U.S. wants at this stage, nor what Japan will eventually agree. It is a reasonable bet, particularly if the yen starts going up against the dollar, that the focus will be more on the liberalisation of the Japanese capital markets than the internationalisation of the yen, though the two are obviously not easily divisible.

What is clear is that Japan, in the shape principally of its powerful Ministry of Finance, has done a lot of homework in advance, probably more so than has the U.S. where consistency and continuity of policy under the Reagan administration has not exactly been a strong point.

Officially, the two sides are looking at an eight point agenda but in reality negotiations could range over as many as a couple of dozen items, many highly technical and, taken on their own, perhaps of only incremental value. But the cumulative affect of their adoption, even if over time, could give a very different face to the Japanese financial system.

In the process it is likely that some traditional demarcation lines and segmentation of the Japanese scene will fall by the wayside, not in a rush, because that is rarely the Japanese way, and not without immense attention being given to the consequences.

This survey, therefore, takes a look at specific sectors and at what may change and what will not and what the impact of reform is likely to be.